



# 6744

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

**2013 RETURNS**



Take your VITA/TCE training online at [www.irs.gov](http://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.



## How to Get Technical Updates?

Updates to the volunteer training materials will be contained in Publication 4491X, VITA/TCE Training Supplement. To access this publication, in the upper right hand corner of [www.irs.gov](http://www.irs.gov), type in “Pub 4491X” in the search field.

During the tax season Volunteer Tax Alerts will be issued periodically. Type “volunteer alerts”, in the search field to access all tax alerts.

### 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.

All VITA/TCE volunteers (whether paid or unpaid workers) must complete the *Volunteer Standards of Conduct Training*, and sign Form 13615, *Volunteer Standards of Conduct Agreement*, prior to working at a VITA/TCE site. In addition, return preparers, quality reviewers, and VITA/TCE tax law instructors must certify in 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 and signs the form.

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

1. Follow the Quality Site Requirements (QSR).
2. Not accept payment or solicit donations for federal or state tax return preparation.
3. Not solicit business from taxpayers you assist or use the knowledge you gained (their information) about them for any direct or indirect personal benefit for you or any other specific individual.
4. Not knowingly prepare false returns.
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.
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.

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#### Confidentiality Statement:

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



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**Preface**

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**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 [www.irs.gov](http://www.irs.gov), or e-mail your comments to [partner@irs.gov](mailto:partner@irs.gov).

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



## Test Instructions

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### Special Accommodations

If you require special accommodations to complete the test, please advise your instructor or Site Coordinator immediately.

### Reference Materials

Use **2013** 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. The revised Form 13614-C, Intake/Interview & Quality Review Sheet, is included in each return preparation scenario. 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 have volunteered to help.

### Using Software

The Practice Lab is a tax year 2013 tax preparation tool developed to help in the certification process for VITA/TCE volunteers. Go to [www.irs.gov](http://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 or Site Coordinator will be able to provide you with the universal password. Once you access the Practice Lab, you will need to create a unique User ID if you do not already have one.

Using prior year software will not generate the correct answers for the 2013 test.

All taxpayer names, social security numbers, employer identification numbers, and account numbers provided in the scenarios are fictitious.

Volunteers using tax preparation software to complete the test should replace the X's as directed by your instructor or Site Coordinator. If you are using the Link & Learn Taxes Practice Lab, replace the X's in the SSNs and EINs with your unique User ID. Use your city, state, and ZIP code when completing any of the forms, unless otherwise indicated.

### Test Answer Sheet

If you are completing the paper test, please transfer all answers to the tear-out Test Answer Sheet. Make sure your name is at the top of the page.

Forward the completed Test Answer Sheet and the completed Form 13615, Volunteer Standards of Conduct Agreement, as directed for grading. Do not submit your entire test booklet unless otherwise directed. If you are required to take the retest, your Test Answer Sheet will be retained.

**The test scenarios on Link & Learn Taxes are the same as this booklet. However, questions in the online test can be from either the test or the retest. You must read each question carefully before entering your answers online. Transferring answers directly from the paper answer sheet to the online test in Link & Learn Taxes will result in missed questions.**

## Test Score

You will be advised of your test results. Your Volunteer Standards of Conduct Agreement will be maintained by your Site Coordinator.

## Certification

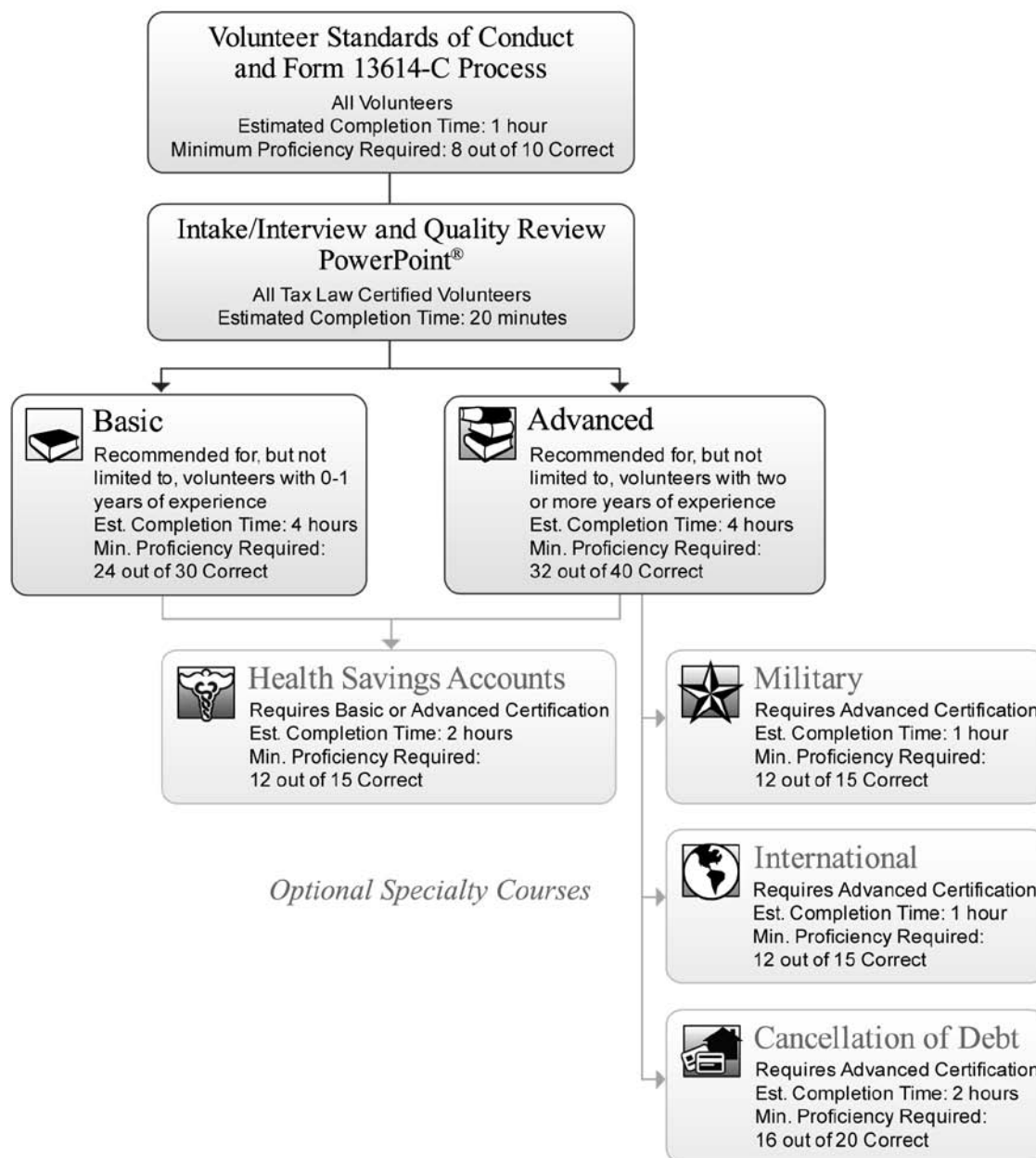
A score of **80%** or higher is required for certification. If you do not achieve a score of at least **80%**, you should discuss it with your instructor or Site Coordinator. After the discussion, you can take a retest. Retest questions are included in this test booklet after the International test.

## VITA/TCE Courses

Each course is summarized below.

- **Standards of Conduct (Ethics):** All volunteers are required to take the Standards of Conduct (Ethics) training and pass the test. This includes volunteers who do not complete tax returns.
- **Intake/Interview and Quality Review:** Review of this PowerPoint presentation is required of all volunteers who will certify in tax law.
- **Basic:** This course covers the completion of wage earner type returns.
- **Advanced:** This course includes the Basic topics as well as pensions, self-employment, and other topics. This is a stand-alone course and does not require that you have already certified at the Basic level.
- **Military:** This course covers the full scope of returns presented by members of the domestic Armed Forces, Reserve and National Guard. It includes combat zone and rental issues. This course requires that you have already certified at the Advanced level.
- **International:** This course covers the completion of returns for taxpayers living outside the United States. This course requires that you have already certified at the Advanced level. It includes Foreign Earned Income Exclusion and Foreign Tax Credit.
- **Health Savings Accounts:** This optional course requires that you have already certified at the Basic level. It is available online at Link & Learn Taxes.
- **Cancellation of Debt:** This optional course requires that you have already certified at the Advanced level. It is available online at Link & Learn Taxes.

**All volunteers who prepare tax returns or answer tax law questions must complete the Basic course.** Volunteers can only prepare returns at the level for which they have been certified. Quality Reviewers may certify at the Basic level, but are encouraged to certify at Advanced. The Quality Reviewer's certification must be equivalent to, or higher than, the return being reviewed. Instructors must be certified at the Advanced level.



*Optional Specialty Courses*

### Certification in Link & Learn Taxes

You may take this volunteer certification test online using the Link & Learn Taxes e-learning application at <http://www.irs.gov/app/vita/index.jsp>

or

at [www.irs.gov](http://www.irs.gov), using keyword search: Link & Learn.



**CAUTION: The test *scenarios* on Link & Learn Taxes are the same as this booklet. However, *questions* in the online test can be from either the test or the retest. You must read each question carefully before entering your answers online. Transferring answers directly from the paper answer sheet to the online test in Link & Learn Taxes will result in missed questions.**

# Test Answer Sheet

Name \_\_\_\_\_

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.

## 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.

Question	Answer
<b>Standards of Conduct</b>	
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

Total Answers Correct: \_\_\_\_\_  
Total Questions: 10  
**Passing Score: 8 of 10**

Question	Answer
<b>Basic Scenario 1</b>	
1.	
2.	
<b>Basic Scenario 2</b>	
3.	
4.	
<b>Basic Scenario 3</b>	
5.	
6.	
<b>Basic Scenario 4</b>	
7.	
8.	
<b>Basic Scenario 5</b>	
9.	
10.	
<b>Basic Scenario 6</b>	
11.	
12.	
<b>Basic Scenario 7</b>	
13.	
14.	
15.	
16.	
17.	
<b>Basic Scenario 8</b>	
18.	
19.	
20.	
21.	
22.	
23.	
24.	
<b>Basic Scenario 9</b>	
25.	
26.	
27.	
28.	
29.	
30.	

Total Answers Correct: \_\_\_\_\_  
Total Questions: 30  
**Passing Score: 24 of 30**

Question	Answer
<b>Advanced Scenario 1</b>	
1.	
2.	
<b>Advanced Scenario 2</b>	
3.	
4.	
<b>Advanced Scenario 3</b>	
5.	
6.	
<b>Advanced Scenario 4</b>	
7.	
8.	
9.	
10.	
<b>Advanced Scenario 5</b>	
11.	
12.	
<b>Advanced Scenario 6</b>	
13.	
14.	
15.	
16.	
17.	
18.	
<b>Advanced Scenario 7</b>	
19.	
20.	
21.	
22.	
23.	
24.	
<b>Advanced Scenario 8</b>	
25.	
26.	
27.	
28.	
29.	
30.	
31.	
32.	
<b>Advanced Scenario 9</b>	
33.	
34.	
35.	
36.	
37.	
38.	
39.	
40.	

Total Answers Correct: \_\_\_\_\_  
Total Questions: 40  
**Passing Score: 32 of 40**

Question	Answer
<b>Military Scenario 1</b>	
1.	
2.	
3.	
4.	
5.	
<b>Military Scenario 2</b>	
6.	
7.	
8.	
9.	
<b>Military Scenario 3</b>	
10.	
11.	
12.	
13.	
14.	
15.	

Total Answers Correct: \_\_\_\_\_  
Total Questions: 15  
**Passing Score: 12 of 15**

Question	Answer
<b>International Scenario 1</b>	
1.	
2.	
3.	
4.	
<b>International Scenario 2</b>	
5.	
6.	
<b>International Scenario 3</b>	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	

Total Answers Correct: \_\_\_\_\_  
Total Questions: 15  
**Passing Score: 12 of 15**



## Volunteer Standards of Conduct (Ethics) Training

### Introduction

The integrity of the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs depends on maintaining public trust. All taxpayers using VITA/TCE services should be confident they are receiving accurate return preparation and quality service.

All volunteers are responsible for providing the highest quality and best service to taxpayers. Along with this responsibility, all volunteers must sign Form 13615, Volunteer Standards of Conduct Agreement each year, stating they will comply with the Quality Site Requirements (QSR) and uphold the highest ethical standards.

Furthermore, all IRS Stakeholder Partnerships, Education and Communication (IRS-SPEC) agency partners must sign Form 13533, Sponsor Agreement, certifying they will adhere to the strictest standards of ethical conduct. Form 13533 is valid for one year after the signature date.

All volunteers must complete the Volunteer Standards of Conduct (VSC) Training and pass a competency test with a score of 80% or higher. This training will provide:

- An explanation of the six Volunteer Standards of Conduct defined in Form 13615
- Information on how to report possible violations
- Consequences of failure to adhere to the program requirements
- Examples of situations that raise questions on ethical behavior
- An overview of the intake/interview and quality review processes
- A description of the different types of IRS conducted reviews
- The components of a complete intake/interview and quality review process

### Why are we doing this?

During recent filing seasons, the Treasury Inspector General for Tax Administration (TIGTA) and IRS-SPEC uncovered unacceptable practices at a few VITA/TCE sites. In response to these issues, IRS-SPEC enhanced the Volunteer Standards of Conduct. The intent is to provide guidance and a structure for regulating VITA/TCE volunteers and to protect taxpayers.

When unscrupulous volunteers intentionally ignore the law, it compromises the integrity of the VITA/TCE programs and the public's trust. Unfortunately, due to the actions of a few, the VITA/TCE programs' integrity and trust have been tested. In these cases, IRS-SPEC can and does take appropriate actions against the partners and volunteers involved.



IRS-SPEC is ultimately responsible for oversight of the VITA/TCE programs. The agency often receives complaints from taxpayers, partners, and congressional members when assessment notices are issued. IRS-SPEC researches and responds to all inquiries, but ultimately it is the partner's/sponsor's responsibility to take corrective actions.



## Objectives

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

- List the six Volunteer Standards of Conduct
- Describe unethical behavior
- Identify consequences for failing to comply with the standards
- Explain how volunteers are protected
- List the basic steps volunteers are required to use during the intake/ interview process
- Identify the components of a quality review

### What do I need?

- Form 13614-C, Intake/ Interview & Quality Review Sheet
- Form 13615, Volunteer Standards of Conduct Agreement
- Publication 1084, IRS Volunteer Site Coordinator's Handbook
- Publication 4299, Privacy, Confidentiality, and the Standards of Conduct – A Public Trust

## Unethical Defined

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IRS-SPEC defines unethical as not conforming to agreed standards of moral conduct, especially within a particular profession. In most cases, unethical behavior is acted upon with the intent to disregard the established laws, procedures, or set policies.

Do not confuse an unethical action with a lack of knowledge or a simple mistake.

### example

If volunteer Mary prepares a return, which includes a credit the taxpayer does not qualify for because Mary did not understand the law, Mary did not act unethically. However, if Mary knowingly allowed a credit for which the taxpayer did not qualify, Mary committed an unethical act and violated the Volunteer Standards of Conduct.

## Volunteer Standards of Conduct (VSC)

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All volunteers face ethical issues, which often arise in unexpected situations that require quick decisions and good judgment. In many cases, a volunteer will react to unusual situations and realize later that it was, in fact, an ethical dilemma.

The Volunteer Standards of Conduct were developed specifically for free tax preparation operations. Form 13615, Volunteer Standards of Conduct Agreement, applies to all conduct and ethical behavior affecting the VITA/TCE programs. Volunteers must agree to the standards prior to working in a VITA/TCE free return preparation site.

**All participants in the VITA/TCE programs must adhere to these Volunteer Standards of Conduct:**

### 1. Follow the ten Quality Site Requirements (QSR).

All taxpayers using the services offered through the VITA/TCE programs should be confident they are receiving accurate return preparation and quality service. The purpose of QSR is to ensure VITA/TCE sites are using consistent site operating procedures that will ultimately assist with the accuracy of volunteer prepared returns. The ten QSR are:

### ***QSR#1, Certification***

All VITA/VCE volunteers must annually complete the VSC training and pass the VSC test with a score of 80% or higher prior to working at a VITA/TCE site.

Volunteers who answer tax law questions, instruct tax law classes, prepare or correct tax returns, and/or conduct quality reviews of completed tax returns must be certified in tax law. At a minimum, all VITA/TCE instructors must be certified at the Advanced level or higher (based on the level of tax topics taught). At a minimum, Quality Reviewers must be certified to the Basic certification level or higher (including the specialty levels) based on the complexity of the tax return. SPEC encourages the Quality Reviewer to be the most experienced person in tax law application.

Site Coordinators must be certified annually by taking Site Coordinator training. Site Coordinators or partners must verify the identity of every volunteer, secure a copy or original signed Form 13615, and verify certification when the volunteer reports to their site. In the Partner Use Only section, Site Coordinators/sponsors/partners must sign "Certification verified by."

### ***QSR#2, Intake/Interview Process***

All volunteer preparer sites must use Form 13614-C, Intake/Interview & Quality Review Sheet, for every return prepared.

### ***QSR#3, Quality Review Process***

All volunteer prepared returns must be quality reviewed and discussed with the taxpayer. A quality review must include a discussion with the taxpayer and an explanation of the taxpayer's responsibility for the accuracy of their tax return. Quality reviews should be conducted by a designated reviewer or by peer-to-peer review.

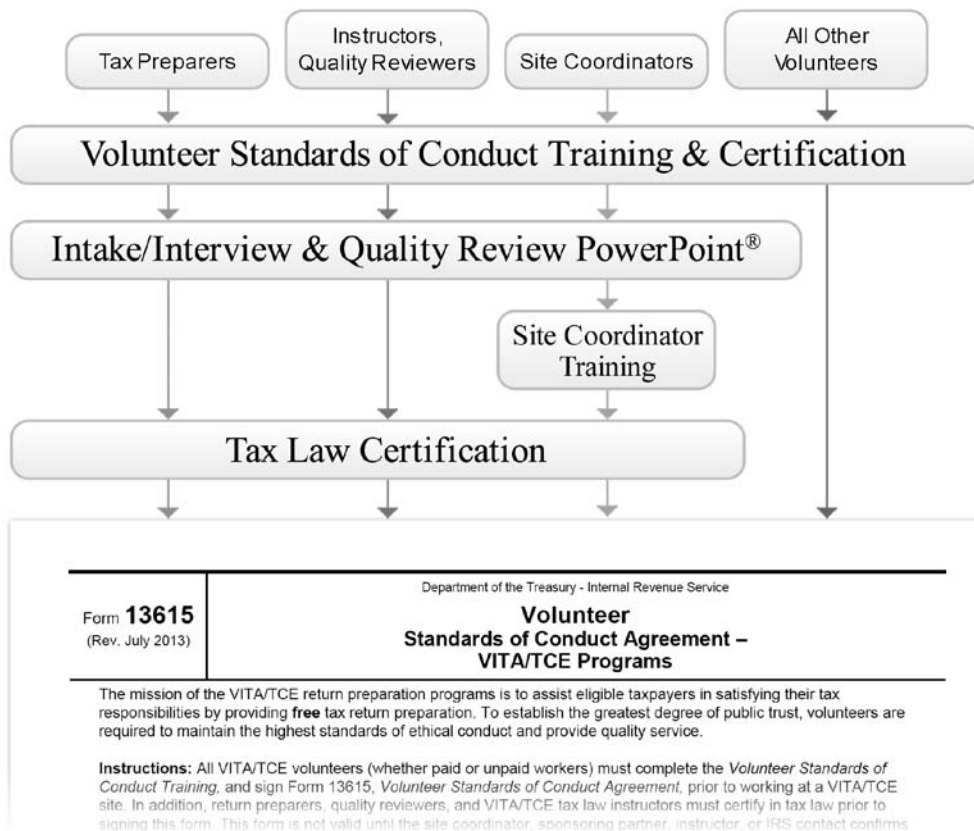
### ***QSR#4, Reference Materials***

All sites must have at least one copy (paper or electronic) of the following reference materials available for use by the IRS certified volunteer tax preparers and Quality Reviewers:

- Publication 4012, Volunteer Resource Guide
- Publication 17, Your Federal Income Tax for Individuals
- Volunteer Tax Alerts (VTA) and Quality Site Requirement Alerts (QSRA)

### ***QSR#5, Volunteer Agreement***

All volunteers (preparers, Quality Reviewers, Greeters, etc.) must complete the VSC Training and test, complete the Intake/Interview and Quality Review PowerPoint®, and certify to their adherence annually by signing Form 13615 prior to working at a site.



**QSR#6, Timely Filing**

All sites must have a process in place to ensure every return is electronically filed or delivered to the taxpayer in a timely manner.

**QSR#7, Title VI**

Title VI of the Civil Rights Act of 1964 information must be displayed or provided to taxpayers at all VITA/TCE sites.

**QSR#8, Site Identification Number**

It is critical that the correct Site Identification Number (SIDN) must be included on **all** returns prepared by VITA/TCE sites.

**QSR#9, Electronic Filing Identification Number**

The correct Electronic Filing Identification Number (EFIN) must be used on **all** returns prepared.

**QSR#10, Security, Privacy and Confidentiality**

All guidelines discussed in Publication 4299, Privacy, Confidentiality, and the Standards of Conduct – A Public Trust, must be followed.

Publication 4299 outlines the need to protect the physical and electronic data gathered for tax return preparation and keep confidential the information provided by the taxpayer. Included in these guidelines is the need to protect any client identifications, user names, and passwords used at the site. Partners and volunteers must not share client identification numbers, user names, and/or passwords.

Quality Site Requirement (QSR) violations only become violations to the standards of conduct if volunteers **refuse** to comply with the standard. If the problem is corrected, it is not a violation of the standards of conduct. More information on the intake/interview and quality review process, including Form 13614-C, Intake/Interview & Quality Review Sheet, is provided later in this lesson.



For additional information on Quality Site Requirements, refer to Publication 1084, Site Coordinator Handbook, or search "Strengthening the Volunteer Programs" on [www.irs.gov](http://www.irs.gov).

## **2. Do not accept payment or solicit donations for federal or state tax return preparation.**

"Free" means we do not accept compensation for our services. Therefore, we do not want to confuse the taxpayer by asking for donations. Donation or tip jars located in the return preparation or taxpayer waiting area are a violation of this standard. A client may offer payment, but always refuse with a smile and say something like, "Thank you, but we cannot accept payment for our services." If someone insists, recommend cookies or donuts for the site. Taxpayers can make cash donations, but not at the tax site. Refer taxpayers who are interested in making cash donations to the appropriate website or to the Site Coordinator for more information.

### **example**

You finish a time-consuming return and the client is very grateful. On her way out, the client stops by and tries to sneak a \$20 bill in your pocket, saying, "I would have paid ten times that at the preparer across the street." Return the money and explain that you cannot accept money for doing taxes, but the center may appreciate a donation which can be made at the Center's downtown office or via their website.

Donation or tip jars can be placed in another area at the site as long as that area does not give the impression that the site is collecting the funds for return preparation. This cannot be in the entry, waiting, tax preparation, or quality review areas.

## **3. Do not solicit business from taxpayers you assist or use the knowledge gained about them (their information) for any direct or indirect personal benefit for yourself or any other specific individual.**

Volunteer tax preparers must properly use and safeguard taxpayers' personal information. Furthermore, do not use confidential or nonpublic information to engage in financial transactions, and do not allow its improper use to further your own or another person's private interests.

### **example**

You are a volunteer preparer and an accountant. You cannot solicit business from the taxpayer.

### **example**

You are the site's Greeter. Your daughter asks you to take candy orders at the site for her school fundraiser. You explain to her that as a VITA/TCE volunteer you cannot solicit personal business.

Keep taxpayer and tax return information confidential. A volunteer preparer may discuss information with other volunteers at the site, but only for purposes of preparing the return. Do not use taxpayer information for your personal or business use.

example

Your primary business includes selling health insurance policies. While preparing a tax return, you notice the taxpayer is self-employed. You ask if the taxpayer has health insurance to determine eligibility for health insurance deductions. You cannot offer to sell the taxpayer health insurance through your business.

**Securing consent**

There will be some instances when taxpayers will allow their personal information to be used other than for return preparation. Under Internal Revenue Code § 7216, all volunteer sites using or disclosing taxpayer data for purposes other than current, prior, or subsequent year tax return preparation must secure two consents from the taxpayer: consent to use the data and consent to disclose the data.

**Exceptions to required consents**

Volunteer sites that use or disclose the total number of returns (refunds or credits) prepared for their taxpayers at their site (aggregate data) for fundraising, marketing, and publicity are not required to secure the taxpayers' consent. This information cannot include any personally identifiable information, such as the taxpayer's name, SSN/ITIN, address or other personal information, and does not disclose cells containing data from fewer than ten tax returns.

This exception does not apply to the use or disclosure in marketing or advertising of statistical compilations containing or reflecting dollar amounts of refunds, credits, or rebates, or percentages relating thereto.

<b>Taxpayer Data Usage</b>	<b>Are Consents Required?</b>	<b>Number of Consents</b>	<b>Type of Consents</b>
Using or disclosing taxpayer data to prepare current, prior or subsequent year tax returns.	No	None	None
Using or disclosing taxpayer data for purposes other than preparing current, prior, or subsequent year tax return.	Yes	2	1. Consent explaining how the data will be used. 2. Consent explaining how the data will be disclosed.
<b>Exception:</b> Reporting the <b>number</b> of returns (or types of returns such as EITC, CTC, etc.) prepared for fundraising, marketing, publicity, or other uses related to the volunteer site's tax return preparation business.	No	None	None
Reporting any data containing return <b>dollar amounts</b> for marketing or advertising or any other non-fundraising activities.	Yes	2	1. Consent explaining how the data will be used. 2. Consent explaining how the data will be disclosed.
Reporting any data containing return dollar amounts for fundraising activities.	No	None	None



#### 4. Do not knowingly prepare false returns.

Trust in the IRS and the local sponsoring organization is jeopardized when ethical standards are not followed. Fraudulent returns can result in many years of taxpayer interaction with the IRS. The taxpayer may be required to pay additional tax plus interest and penalties resulting in an extreme burden. In addition, the taxpayer may seek damages under state or local law from the SPEC partner for the volunteer's fraudulent actions. Even so, the IRS would still seek payment of the additional taxes, interest, and penalties from the taxpayer.

##### example

A volunteer preparer told the taxpayer that cash income does not need to be reported. The return was completed without the cash income. The Quality Reviewer simply missed this omission and the return was printed, signed, and e-filed. The volunteer has violated this standard.

However, since the Quality Reviewer did not knowingly allow this return to be e-filed incorrectly, the Quality Reviewer did not violate this standard. Remember not to confuse an unethical action with a lack of knowledge or a simple mistake.

##### example

A volunteer prepares a fraudulent return by knowingly claiming an ineligible dependent. The taxpayer received a notice from IRS disallowing the dependent and assessing additional taxes, interest, and penalties. The taxpayer may seek money from the SPEC partner, but must still pay the IRS the additional taxes, interest, and penalties.

#### ***Hardship on the taxpayer***

For a low-income taxpayer, it could be impossible to make full payment and recover from return fraud. If full payment is not received, the taxpayer will receive several demand notices. If full payment is still not received, the taxpayer will be sent through the IRS collection process. This could also involve the filing of a tax lien that will affect the taxpayers' credit report, or a levy (withholding) on their bank accounts and/or wages. The taxpayer may be eligible for an installment agreement, but it could take several years to pay the IRS debt.

##### example

A taxpayer's return fraudulently contains the earned income tax credit (EITC). The taxpayer has already received the refund when an audit notice is issued. During the audit, the taxpayer cannot provide documentation to support the EITC claim.

The taxpayer is disallowed \$3,000 in EITC and now has a balance due of over \$4,000, including penalties and interest. This amount reflects only the EITC disallowance. The amount could be much more if coupled with the loss of dependency exemption, Head of Household filing status, and the child tax credit. A \$3,000 EITC disallowance can quickly generate a bill of over \$6,000 when all accompanying disallowances are considered.

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

Volunteers may be prohibited from participating in VITA/TCE programs if they engage (past and future) in criminal, infamous, dishonest, or notoriously disgraceful conduct, or any other conduct prejudicial to the government. Take care to avoid interactions that discredit the program. In addition, a taxpayer may look to state or local law to seek money from the SPEC partner for a volunteer's fraudulent actions.

Allowing an unauthorized alien to volunteer at a VITA/TCE site is prohibited. An “unauthorized alien” is defined as an alien not lawfully admitted into the United States. All volunteers participating in the VITA/TCE programs must reside in the United States legally. Site Coordinators are required to ask for proof of identity with a photo ID for each volunteer. However, Site Coordinators or partners are not required to validate the legal status of volunteers. Therefore, by signing Form 13615, volunteers are certifying that they are legal.

### **Consequences**

Volunteers performing egregious activities are barred from volunteering for VITA/TCE programs, and may be added to a registry of barred volunteers.

The taxpayer is liable for any tax deficiency resulting from fraud, along with interest and penalties, and may seek money from the preparer and the SPEC partner.



If you have information indicating that another volunteer has engaged in criminal conduct or violated any of the Volunteer Standards of Conduct, immediately report such information to your Site Coordinator, email IRS at [WI.VolTax@irs.gov](mailto:WI.VolTax@irs.gov), or call 1-877-330-1205. The toll free number is only in operation from January through May.

#### **example**

A partner’s program director was convicted of embezzling funds from an unrelated organization. The program director’s criminal conduct created negative publicity for the partner. The partner was removed from the VITA/TCE programs.

#### **example**

A taxpayer’s refund was stolen by a volunteer return preparer at a VITA site. The taxpayer sought monetary damages from the SPEC partner for the volunteer’s fraudulent actions.

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

To protect the public interest, the IRS and its employees, partners, and volunteers must maintain the confidence and esteem of the people we serve. All volunteers are expected to conduct themselves professionally in a courteous, businesslike, and diplomatic manner.

Volunteers take pride in assisting hard-working men and women who come to VITA/TCE sites for return preparation. Taxpayers are often under a lot of stress and may wait extended periods for assistance. Volunteers may also experience stress due to the volume of taxpayers needing service. This situation can make patience run short. It is important to remain calm and create a peaceful and friendly atmosphere.

#### **example**

You finish a difficult return for Millie, who has self-employment income, several expenses, and very few records. In addition, her son turned 25 and moved out early in the year. She owes the IRS about \$50. After you carefully explain the return, Millie sputters, “You don’t know what you’re doing. I always get a refund! My neighbor is self-employed and she got \$1,900 back.” In this situation, you should take a deep breath and courteously explain that every return is different. If necessary, involve the Site Coordinator.

## **Taxpayer Civil Rights**

The Internal Revenue Service will not tolerate discrimination based on race, color, national origin (including English proficiency), disability, sex (in education programs or activities) or age in programs or activities receiving federal assistance from the Department of the Treasury – Internal Revenue Service.

**Taxpayers with a disability may require a reasonable accommodation in order to participate or receive the benefits of a program or activity supported by the Department of the Treasury – Internal Revenue Service.** Our Site Coordinators and Site Managers at federally assisted sites are responsible for ensuring that all requests for reasonable accommodation are granted when the request is made by a qualified individual with a disability. Taxpayers with limited English proficiency (LEP) may require language assistance services in order to participate or receive the benefits of a program or activity funded or supported by the Internal Revenue Service. Language assistance services may include oral and written translation, where necessary. Site Coordinators at federally assisted sites must take reasonable steps to ensure that LEP persons have meaningful access to its programs or activities.

If a taxpayer believes that he or she has been discriminated against, a written complaint should be sent to the Department of the Treasury - Internal Revenue Service at the following address:

Operations Director, Civil Rights Division  
Internal Revenue Service, Room 2413  
1111 Constitution Avenue, NW  
Washington, DC 20224

For all inquiries concerning taxpayer civil rights, contact the Civil Rights Division at the address referenced above, or e-mail [edi.civil.rights.division@irs.gov](mailto:edi.civil.rights.division@irs.gov).

## **Failure to Comply with the Standards of Conduct**

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### **Who enforces the standards?**

By law, tax return preparers are required to exercise due diligence in preparing or assisting in the preparation of tax returns. IRS-SPEC defines due diligence as the degree of care and caution reasonably expected from, and ordinarily exercised by, a volunteer in the VITA/TCE programs. Generally, IRS-certified volunteers may rely in good faith on information from a taxpayer without requiring documentation as verification. However, part of due diligence requires volunteers to ask a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, volunteers need to ask themselves if the information is unusual or questionable.

### **Make an effort to find the answer**

When in doubt:

- Seek assistance from the Site Coordinator
- Seek assistance from a tax preparer with more experience
- Reschedule/suggest the taxpayer come back when a more experienced tax preparer is available
- Reference/research publications (i.e. Publication 17, Publication 4012, Publication 596, etc.)
- Research [www.irs.gov](http://www.irs.gov) for the answer
- Research the Interactive Tax Assistance (ITA) to address tax law qualifications

- Contact the VITA Hotline at 1-800-829-8482
- Advise taxpayers to seek assistance from a professional tax preparer

If at any time a volunteer becomes uncomfortable with the information and/or documentation provided by a taxpayer, the volunteer should not prepare the tax return.

Because the U.S. tax system is based on voluntary compliance, taxpayers are able to compute their own tax liability. Most taxpayers compute their tax accurately, but at times unscrupulous taxpayers and preparers evade the system by filing fraudulent returns. For this reason, some sponsoring organizations may choose to perform background checks on their volunteers.

The VITA/TCE programs are operated by sponsoring partners and/or coalitions outside the IRS. However, IRS is responsible for the oversight of these programs. Generally, volunteers are selected by partners and not by the IRS. A volunteer tax preparer serves an important role. In fact, SPEC's partners and its volunteers are the most valuable resources in the volunteer tax preparation program.

IRS has the responsibility for providing oversight to protect the VITA/TCE programs' integrity and maintain taxpayer confidence. IRS-SPEC recognizes its volunteers' hard work and does not want it overshadowed by a volunteer's lapse in judgment.

### **How are the standards enforced?**

To maintain confidence in VITA/TCE programs, IRS-SPEC enhanced Form 13615, Volunteer Standards of Conduct Agreement. The intent is to provide guidance to volunteers and a structure for regulating ethical standards.

If conduct violating the standards occurs at a VITA/TCE site, IRS-SPEC will recommend corrective actions. If the site cannot remedy the conduct, then IRS-SPEC will discontinue its relationship and remove any government property from the site.

In cases of malfeasance, illegal conduct, and/or management practices that violate the VSC, IRS-SPEC may terminate a grant. A volunteer's conduct could put a site or partner in jeopardy of losing its government funding.

### **What if an unethical situation is uncovered at a site?**

If volunteers, Site Coordinators, taxpayers, and SPEC employees or managers identify potential problems at the partner, site, or volunteer level that they feel may require additional, independent scrutiny, they can report them using the external referral process.

#### ***External Referral Process***

The external referral process (VolTax) provides taxpayers, volunteers, Site Coordinators, etc. an avenue to report potential unethical problems encountered at VITA/TCE sites. Volunteers and taxpayers can call toll free 1-877-330-1205 or send an e-mail to [WI.Voltax@irs.gov](mailto:WI.Voltax@irs.gov). The toll free number is only in operation from January through May.

The toll free number and e-mail address are available in:

- Publications 4836 and 4836(SP), VITA and TCE Free Tax Preparation Program
- Publication 4807, Help us Prepare an Accurate Return for You!
- Form 13614-C, Intake/Interview and Quality Review Sheet
- Publication 730, Important Tax Records Envelope

All VITA and TCE sites are required to display Publications 4836 and 4836(SP) in a visible location to ensure taxpayer awareness of the opportunity to make a referral.

It is critical volunteers and taxpayers immediately report any suspected questionable behavior. The IRS will investigate the incidents reported on the VolTax toll free number and the email address to determine what events occurred and what actions need to be taken. In addition, your reported violations should be shared with your sponsoring partner and local SPEC territory office.

Taxpayers and tax preparers who violate tax law are subject to civil and criminal penalties. Any person who willfully aids or assists in, procures, counsels, or advises the preparation of a false or fraudulent return is subject to criminal punishment.

### ***Volunteer Registry***

Volunteers and partners released from the VITA/TCE programs for egregious actions can be added to the IRS-SPEC Volunteer Registry. The IRS-SPEC Director will determine if a volunteer or partner should be added to the registry. The purpose of the registry is to notify IRS-SPEC employees of volunteers and partners who were removed from the VITA/TCE programs due to egregious actions. The registry will include partner or individual names, locations, and affiliated agency or sponsors. Volunteers and/or partners on this list are unable to participate in the VITA/TCE programs indefinitely. Egregious actions include, but are not limited to, one or more of the following willful actions:

- Creating harm to taxpayers, volunteers or IRS employees
- Refusing to adhere to the Quality Site Requirements
- Accepting payments for return preparation at VITA/TCE sites
- Using taxpayer personal information for personal gain
- Knowingly preparing false returns
- Engaging in criminal, infamous, dishonest, notorious, disgraceful conduct
- Any other conduct deemed to have a negative impact on the VITA/TCE programs

### **What is the impact on VITA/TCE programs?**

A volunteer positively affects the lives of taxpayers. Unfortunately, one volunteer's unethical behavior can cast a cloud of suspicion on the entire volunteer tax preparation program. IRS-SPEC has closed down tax sites due to unethical behavior, which left taxpayers without access to free tax preparation in their community. The consequences to the tax site or sponsoring organization may include:

- Terminating the partnership between the IRS and the sponsoring organization
- Discontinuing IRS support
- Revoking or retrieving the sponsoring organization's grant funds
- Deactivating IRS Electronic Filer's Identification Number (EFIN)
- Removing all IRS products, supplies, and loaned equipment from the site
- Removing all taxpayer information
- Disallowing use of IRS-SPEC logos

### **What is the impact on taxpayers?**

A taxpayer is responsible for paying only the correct amount of tax due under the law. However, an incorrect return can cause a low-to-moderate income taxpayer financial stress. Although a return is accepted, it may not be accurate. Acceptance merely means the required fields are complete and that no duplicate returns exist.



It is imperative to correctly apply the tax laws to the taxpayer's situation. While a volunteer may be tempted to bend the law to help taxpayers, this will cause problems down the road. For example:

- Depending on the tax issue, a taxpayer may receive a refund and later receive a letter from the IRS questioning the return. While a letter does not conclusively mean the return is wrong, it begins a tax controversy process, and can create anguish for the taxpayer.
- The taxpayer may be subject to the examination process including collection, litigation, and appeals. If additional tax is assessed, interest and penalties accrue from the date the return was originally due until payment is made.
- A taxpayer who cannot pay the full balance due may be able to make installment payments, but interest and penalties will continue to accrue until full payment is remitted. Moreover, the IRS may file a notice of federal tax lien upon all property or rights belonging to the taxpayer. This can have a negative effect on the taxpayer as it becomes public knowledge and appears on his/her credit reports. In addition, if a taxpayer refuses or neglects to pay the tax, the IRS can use levies and seizures to satisfy balance due accounts. The law provides some protections for taxpayers, but in general, a taxpayer who fails to pay their tax is subject to enforcement action.

### ***How might the taxpayer find relief?***

If tax collection would cause significant hardship, the taxpayer may be able to find relief. Significant hardship means serious deprivation, not simply economic or personal inconvenience to the taxpayer. In this case, collection action may stop, but interest and penalties will continue to accrue until the taxpayer can afford to pay.

### ***What if the taxpayer is not telling the truth?***

As described above, the tax controversy process can be long and drawn-out. A volunteer who senses that a taxpayer is not telling the truth should not ignore it. Conduct a thorough interview, paying special attention to the uncomfortable information, to ensure there is no misunderstanding. If that does not resolve the matter, refer the taxpayer to the Site Coordinator. Remember, if a volunteer is not comfortable with the information provided from the taxpayer, the volunteer is not obligated to prepare the return.

### **Taxpayer review and acknowledgement**

After the return is finished, a certified volunteer must briefly discuss the filing status, exemptions, income, adjusted gross income, credits, taxes, payments, and the refund or balance due with the taxpayer. If the taxpayer has any questions, concerns, or requires additional clarification about the return, the volunteer must assist the taxpayer. If necessary, ask the Site Coordinator for assistance.

Tax returns include the following disclosure statements:

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

**Volunteers must remind taxpayers that when they sign the return (either by signing Form 1040, U.S. Individual Income Tax Return, signing Form 8879, IRS e-file Signature Authorization, or entering a self-select PIN), they are stating under penalty of perjury that the return is accurate to the best of their knowledge.**

## Volunteer's role in reporting questionable activity

Honest taxpayers and tax preparers preserve the tax system's integrity. To sustain confidence in the VITA/TCE programs, you should report violations that raise substantial questions about another volunteer's honesty, trustworthiness, or fitness as a tax preparer.

Taxpayers and tax preparers who violate tax law are subject to civil and criminal penalties. Any person who willfully aids or assists in, or procures, counsels, or advises the preparation or presentation of a materially false or fraudulent return is subject to criminal punishment.

IRS-SPEC will refer violations to the IRS Criminal Investigation Division or the Treasury Inspector General for Tax Administration. You can anonymously report a violation by calling 1-877-330-1205 (in operation January through May), or emailing [WI.Voltax@irs.gov](mailto:WI.Voltax@irs.gov).

## Site Coordinator's Responsibility

If a Site Coordinator determines a volunteer has violated the Volunteer Standards of Conduct, the Site Coordinator needs to immediately remove the volunteer from all site activities and notify both the partner and IRS-SPEC with the details of the violation. The Site Coordinator can notify IRS-SPEC by either contacting their relationship manager or using the External Referral Process (VOLTAX). If the Site Coordinator contacts the territory, the territory will use the Internal Referral Process to elevate the referral to headquarters.

It is critical that headquarters be notified as quickly as possible of any potential misconduct by any volunteers to preserve the integrity of the VITA/TCE programs.

### example

While reading the newspaper, Violet, the Site Coordinator at Pecan Public Library, learns that one of her volunteers, Dale, was arrested for identity theft. The article indicates Dale has been using other people's identities to apply for credit cards and then using these cards for unauthorized purchases. Violet sends an e-mail to [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) with the details from the news article. When the site opens the next day, Violet pulls Dale aside and advises him that he cannot work at the site due to his arrest on identity theft charges.

## Volunteer Protection Act

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Public Law 105-19, Volunteer Protection Act of 1997 (VPA) generally protects volunteers from liability for negligent acts they perform within the scope of their responsibilities in the organization for whom they volunteer. The VPA is not owned or written exclusively for Internal Revenue Service. This is a public law and relates to organizations that use volunteers to provide services.

### What is a volunteer?

Under the VPA, a "volunteer" is an individual performing services for a nonprofit organization or a governmental entity (including as a director, officer, trustee, or direct service volunteer) who does not receive for these services more than \$500 total in a year from the organization or entity as:

- Compensation (other than reasonable reimbursement or allowance for expenses actually incurred), or
- Any other thing of value in lieu of compensation

Although an individual may not fall under the VPA definition of a "volunteer," which means they may not be protected under the VPA, they are still considered volunteers by the VITA/TCE programs. To ensure protection, those who do not fit this VPA volunteer definition should seek advice from their sponsoring organization's attorneys to determine liability protection rights.

## What does the VPA do?

The purpose of the VPA is to promote the interests of social service program beneficiaries and taxpayers and to sustain the availability of programs, nonprofit organizations, and governmental entities that depend on volunteer contributions. It does this by providing certain protections from liability concerns for volunteers serving nonprofit organizations and governmental entities.

The VPA protects volunteers from liabilities if they were acting within the scope of the program and harm was not caused by willful or criminal misconduct, gross negligence, reckless misconduct, conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer. The VPA does not protect conduct that is willful or criminal, grossly negligent, reckless, or conduct that constitutes a conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer.

Volunteers should only prepare returns that are within their tax law certification level, their site's certification level, and the level of certification under the VITA/TCE programs. See the Scope of Service Chart in Publication 4012 for more information.

In general, if volunteers are performing their responsibilities using the Volunteer Standards of Conduct, they are protected. However, local and state laws still must be considered. Sponsoring organizations should seek advice from their attorneys to determine how this law protects their volunteers.

## Instructions for Completing the VSC Agreement

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All volunteers must complete the Volunteer Standards of Conduct Training, pass the test with a score of 80% or higher, complete the Intake/Interview and Quality Review PowerPoint® training, and sign Form 13615, Volunteer Standards of Conduct Agreement, annually, prior to working at a VITA/TCE site.

A return preparer, Quality Reviewer, or VITA/TCE tax law instructor must certify in tax law prior to checking the acknowledgment box in Link & Learn Taxes. If using the paper test, certify by signing and dating the form.

Certification (training and testing) can be acknowledged by:

- Using Link & Learn Taxes, or
- Using the paper Form 6744, VITA/TCE Volunteer Assistor's Test/Retest

### Volunteers using Link & Learn Taxes must:

- Pass the Volunteer Standards of Conduct training and test
- Complete the Intake/Interview and Quality Review PowerPoint® training
- Pass the appropriate tax law certification tests (Basic, Advanced, etc.) if preparing returns, performing quality review, or other position requiring tax law testing
  - After each test, the Link and Learn system will mark "P" indicating a passing score for the Volunteer Standards of Conduct Training and (if applicable) tax law certification levels
- Check the box in Link & Learn Taxes acknowledging that Form 13615, Volunteer Standards of Conduct Agreement, has been read, signed, and dated (after training and/or testing)
- Finish the form by completing the applicable fields (if missing): name, home address, site name, partner name, daytime phone number, e-mail address, volunteer position, and number of volunteer years
- Print and review the form and give the completed form to the designated partner or Site Coordinator
  - The designated partner or Site Coordinator will certify by signing and dating the form



VSC and tax law certification can be completed by using Form 6744, VITA/TCE Volunteers Assistor's Test/Retest, or by using Link & Learn Taxes online. If Link & Learn Taxes is used, volunteers can certify by signing Form 13615 electronically after all required tests are completed with a passing score. Therefore, no signature is required on the paper form.

### Volunteers using the paper test (Form 6744) must:

- Take the Volunteer Standards of Conduct Training and pass the competency test
- Complete the Intake/Interview and Quality Review PowerPoint® training
- Pass the appropriate certification tests (Basic, Advanced, etc.) if preparing returns, performing quality review, or other position requiring tax law testing
- Complete the entire Form 13615, Volunteer Standards of Conduct Agreement by adding full name, home address, site name, partner name, daytime phone number, e-mail address, volunteer position, and number of volunteer years

Instructors will:

- Use Form 6744 to administer the test
- Provide any information that volunteers do not know, such as the partner name
- Mark “P” for the Volunteer Standards of Conduct Training indicating a passing score
- Mark “P” for each appropriate tax law certification level indicating a passing score
- Return the form to each volunteer for their signature and date
- Certify by signing and dating the form
- Provide additional processing instructions for the form

### Resolving Problems

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In general, the Site Coordinator is the first point of contact for resolving any problems that a volunteer may encounter. If a volunteer feels an issue can't be handled by the Site Coordinator, email IRS at [WI.VolTax@irs.gov](mailto:WI.VolTax@irs.gov), call toll free 1-877-330-1205, and/or contact the local IRS-SPEC relationship manager.

For this type of issue:	The appropriate action is:
Individual or company is violating the tax laws	Use Form 3949-A, Information Referral. Complete this form online at <a href="http://www.irs.gov/pub/irs-pdf/f3949a.pdf">www.irs.gov/pub/irs-pdf/f3949a.pdf</a> . Print the form and mail to: Internal Revenue Service, Fresno, CA, 93888.
Victims of identity theft	Refer taxpayers to Identity Protection Specialized Unit at 1-800-908-4490. The Protection Specialized Unit may issue these taxpayers a notice. Volunteers may prepare returns for taxpayers who bring in their current CP01A Notice or special PIN (6 digit IPPIN). Include the IPPIN on the software main information page. Instructions are located at: <a href="http://www.irs.gov/uac/Identity-Protection">http://www.irs.gov/uac/Identity-Protection</a>
Taxpayers believe they are victims of discrimination	Refer taxpayers to:  (Written complaints) Operations Director, Civil Rights Division; Internal Revenue Service, Room 2413; 1111 Constitution Ave., NW; Washington, DC 20224.  (Email complaints) <a href="mailto:edi.civil.rights.division@irs.gov">edi.civil.rights.division@irs.gov</a>  (Telephone complaints) 1-202-927-0180.

For this type of issue:	The appropriate action is:
Taxpayers have account questions such as balance due notices and transcript or installment agreement requests	Refer taxpayers to local Taxpayer Assistance Center or call IRS toll free at 1-800-829-1040.
Federal refund inquiries	Tell taxpayers to: Go to <a href="http://www.irs.gov">www.irs.gov</a> and click "Where's My Refund" or call 1-800-829-1954 or 1-800-829-4477.
State/local refund inquiries	Refer to the appropriate revenue office.
Taxpayers have been unsuccessful in resolving their issue with the IRS	Tell taxpayers that the Taxpayer Advocate Service can offer special help to a taxpayer experiencing a significant hardship as the result of a tax problem. For more information, the taxpayer can call toll free 1-877-777-4778 (1-800-829-4059 for TTY/TDD).

## Exercises

Using your reference materials, answer the following questions.

**Question 1:** Taxpayer Edna brings her tax documents to the site. She completes Form 13614-C, Intake/Interview & Quality Review Sheet. She indicates in Part III of Form 13614-C that she has self-employment income along with other income and expenses.

Joe, a tax preparer, reviews Form 13614-C with Edna. He asks if she brought all of her documents today, and asks to see them. Included in the documents is Form 1099-MISC, Miscellaneous Income, showing \$7,500 of non-employee compensation in Box 7. She tells Joe that she has a cleaning business that provides services to local businesses.

Edna says she also received \$4,000 in cash payments for additional cleaning work. When Joe asks if she received any documentation supporting these payments, she says no, the payments were simply paid to her for each cleaning job she performed.

At this point, Joe suggests that because the IRS has no record of the cash payments, Edna does not need to report these payments on her return. Edna is concerned and feels like she could "get in trouble" with the IRS if she does not report all of her income. Joe assures her that the chance of the IRS discovering that she did not report cash income is very small.

Joe prepares Form 1040, Individual Income Tax Return. On Schedule C, Line 1 he reports only the \$7,500 reported in Box 7 of Form 1099-MISC. When Joe completes the return, he hands it to Edna to sign Form 8879, IRS e-file Signature Authorization.

- Is there a Volunteer Standards of Conduct violation? If yes, describe.
- What should happen to the volunteer?
- What should the volunteer have done?

**Question 2:** Taxpayer George completes Form 13614-C indicating in Part II that his marital status is single with one dependent, Amelia. Volunteer preparer Marge reviews the intake form and the taxpayer's information documents.

When Marge asks if Amelia is related to George, he says no, that Amelia is the child of a personal friend who is not filing a tax return. Amelia's mother told George to claim the child and even gave him Amelia's social



security card. Marge then asks whether George provided more than one-half of Amelia's support, but George says no. He goes on to say that he should be able to claim Amelia as a dependent because no one else is claiming her.

Marge agrees that although Amelia is not George's qualifying child or relative, he can still claim her as a dependent because no one else will. Marge goes on to suggest that the child could be listed as George's niece who lives with him, so that he can file as a Head of Household and claim the Earned Income Tax Credit (EITC). Marge completes Form 13614-C, Section B, accordingly.

Marge assures George that chances of the IRS discovering that he and Amelia are not related would be very small. Marge prepares the return with the Head of Household status and claiming the EITC and Child Tax Credits for "qualifying child" Amelia. George signs Form 8879.

A. Is there a Volunteer Standards of Conduct violation? If yes, describe.

B. What should happen to the volunteer?

C. What should the volunteer have done?

**Question 3:** Taxpayer Isabel's completed Form 13614-C indicates that she does not have an account to directly deposit a refund. When volunteer James prepares Isabel's return, it shows that Isabel is entitled to a \$1,200 refund.

James tells Isabel that a paper check may take up to 6 weeks to arrive, but if she has the funds directly deposited to a checking account, the amount would be available in 7-10 business days. He offers to have the money deposited to his own checking account, stating that on receipt of the money he would turn it over to her. Isabel agrees and allows James to enter his routing number and account information on her return. James gives the money to Isabel when he receives it.

A. Is there a Volunteer Standards of Conduct violation? If yes, describe.

B. What should happen to the volunteer?

**Question 4:** While volunteer James is completing Isabel's return, he notes that she is single and asks her if she would like to meet some evening at a local bar so they could get to know each other better. Although Isabel says that she would prefer that he not call her, James says he does not give up that easily and that he will call her later in the week.

Isabel reports the conversation to the Site Coordinator before she leaves the site.

A. Is there a Volunteer Standards of Conduct violation? If yes, describe.

B. What should happen to the volunteer?

**Question 5:** Volunteer John is preparing a return for taxpayer Max, who sold stock during the tax year. Max says he does not want to report capital gains and tells John that the cost basis on the stock sold was equal to or higher than the sales price. Based on his own stock portfolio, John believes Max is lying. John explains to Max that if the IRS examines the return, the cost basis will have to be supported by written statements or other documents of the purchases. Max says he understands, but he still wants the return completed with the amounts he has given to John. After John completes the return and Max signs Form 8879, the return is e-filed.

A. Is there a Volunteer Standards of Conduct violation? If yes, describe.

B. What should happen to the volunteer?

C. What could the volunteer have done?

**Question 6:** When Joelle, Site Coordinator, returns from a lunch break, she notices the waiting area is nearly empty. When she asks Greeter Jade what happened, Jade says that volunteer Nathan and a taxpayer had a loud, bitter argument, and many taxpayers got concerned and left.

Joelle takes Nathan to a private area and asks him to explain what happened. Nathan says the taxpayer became upset when Nathan told him that as a noncustodial parent he had to have a signed Form 8332, Release/Revocation of Release of Claim to Exemption for Child By Custodial Parent, or he could not claim his children as dependents. Nathan admits that he got angry when the taxpayer started name calling. Nathan says he told the taxpayer, “If you don’t like our free service, then you can go somewhere else.” Nathan also says there was a lot of yelling and cussing on both sides and then the taxpayer left the site.

A. Is there a Volunteer Standards of Conduct violation? If yes, describe.

B. What should happen to the volunteer?

C. What should the volunteer have done?

## Intake/Interview and Quality Review Processes

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### Introduction

Taxpayers should be confident they receive quality service when using services offered through the VITA/TCE programs. This includes having an accurate tax return prepared. A basic component of preparing an accurate return begins with a conversation with the taxpayer and includes asking the right questions.

Form 13614-C, Intake/Interview & Quality Review Sheet, is a tool designed to assist IRS-certified volunteers in asking the necessary questions to obtain the information necessary to prepare an accurate tax return. IRS reviews indicate that tax return accuracy is improved when Form 13614-C is used correctly with an effective interview of the taxpayer.

### Purpose of this Training

This training is designed to only provide an overview of the intake/interview and quality review processes so all IRS volunteers understand their responsibilities. However, more detailed training on how to use the intake sheet to prepare and quality review tax returns will be required for certified tax preparers, Site Coordinators, Quality Reviewers, instructors, and local coordinators. The detailed training is available on VITA/TCE Central and by downloading Publication 5101, Intake/Interview and Quality Review PowerPoint Training, from [www.irs.gov](http://www.irs.gov).

This training will educate all volunteers on their role and involvement in the return preparation process. Volunteers need to understand the process used at a site to prepare a tax return from start to finish. This process should be explained to the taxpayer when they enter the site.

### Improvement Opportunities

Over the last few years, Quality Statistical Sample (QSS) reviews and SPEC shopping reviews have shown that volunteers consistently prepare accurate tax returns when an effective interview with the taxpayer is conducted using the information on the Form 13614-C.

Below are brief descriptions of the various types of reviews conducted at volunteer return preparation sites and the results of these reviews:

- **TIGTA Reviews – Reviewers presence is unknown.** Treasury Inspector General for Tax Administration (TIGTA) reviews are conducted by TIGTA Auditors who pose as a taxpayer.
  - TIGTA return review accuracy rate – 51%

- **SPEC Shopping Reviews – Reviewers presence is unknown.** SPEC analysts perform shopping reviews. These reviews gauge the taxpayers’ true experience. They also test site operation and tax law accuracy based on the specific scenarios. Like TIGTA, SPEC shoppers also pose as a taxpayer.
  - SPEC Shopping return review accuracy rate - 49%
  - Intake/interview process usage rate - 56%
  - Quality review process usage rate - 54%
- **SPEC QSS Reviews – Reviewers presence is known.** Quality Statistical Sample (QSS) reviews are conducted by SPEC Quality Program Office (QPO) analysts. QSS reviewers randomly select tax returns for review that have been prepared at a volunteer site after asking the taxpayer’s permission. QSS return review results determine the official accuracy rates for returns prepared at VITA/TCE sites.
  - QSS return review accuracy rate - 91%
  - Intake/interview process usage rate - 84%
  - Quality review process usage rate - 93%
- **SPEC Field Site Visits – Reviewers presence is known.** Field Site Visits (FSV) are conducted by local SPEC tax consultants. FSV assess the extent to which volunteers adhere to the intake/interview and quality review process by observing site operations without reviewing tax returns.

### Adherence to the Intake/Interview Process Tool

Form 13614-C is a tool similar to what is required when a taxpayer visits a professional tax preparer or uses tax preparation software. It is a starting point to engage the taxpayer in discussion to gather all the necessary information to prepare an accurate tax return.

Just like any tool, it has to be used properly to reach the desired outcome. Each year the Internal Revenue Service has seen improvements with using Form 13614-C. In most cases, taxpayers are completing their sections. However, many volunteers do not:

- Look at the information completed by the taxpayer
- Engage in a conversation with the taxpayer
- Clarify any “unsure” answers the taxpayer has marked

#### example

During many TIGTA and QSS shopping reviews, analysts posed as taxpayers at volunteer return preparation sites. The “taxpayers” checked the question on Form 13614-C indicating they had interest income but did not provide a Form 1099-INT. Many volunteers never asked about the interest income during the interview. As a result, the interest income was omitted from the tax return and the tax return was incorrect.

### The Intake Process

Unless noted, most steps of the intake process can be done by a volunteer (Greeter) who has not been certified in tax law. An experienced tax law certified volunteer should be consulted when tax law questions require clarification at any point during the intake process.

The intake/interview and quality review process includes the following components to ensure volunteers obtain the necessary information to prepare an accurate return:

1. The Intake Process:
  - a. Explaining the process
  - b. Providing Form 13614-C to the taxpayer for completion
  - c. Determining the return certification level, and
  - d. Assigning the taxpayer to a qualified tax preparer
2. The Interview Process
  - a. Interviewing the taxpayer
  - b. Preparing the tax return
3. The Quality Review Process
  - a. Inviting the taxpayer to participate
  - b. Advising the taxpayer of their responsibility for the information on the tax return
  - c. Reviewing the return for accuracy (The steps for performing the quality review are listed in on Form 13614-C, Part VII.)
  - d. Informing the taxpayer they are signing their return under penalty of perjury

### ***Greet the taxpayer***

During this stage, an assessment should be made to ensure the taxpayer has everything the site needs to prepare the tax return. Performing this task right away ensures taxpayers are not wasting their time by waiting and then being turned away for reasons that could have been discovered early, such as:

- Missing photo identification, social security documents, Forms W-2, Form 1099, etc.
- Having income items not in scope for the site
- Having gross income amounts above the site limits
- Spouse is not present when filing a joint tax return

### ***Explain the steps of the intake/interview and quality review process to the taxpayer***

Explain the intake/interview and quality review process so that the taxpayers understand that they are expected to:

- Complete Form 13614-C prior to having the return prepared
- Be interviewed by the return preparer and answer additional questions as needed
- Participate in a quality review of their tax return by someone other than the return preparer

### ***Provide the taxpayer Form 13614-C***

Ask the taxpayer to complete pages 1 and 2 of Form 13614-C. A certified volunteer might need to offer assistance in the following cases.

<b>If taxpayers...</b>	<b>Then a certified volunteer should...</b>
Cannot complete the form for any reason	Fill out the form by asking them the questions and recording their answers
Do not understand a question, they can mark "unsure"	Assist them with answering the question
Have income, expenses, or life events not listed on Form 13614-C, which might indicate an out-of-scope tax return	Review the information and determine if the return is with-in-scope for the site return requirements and volunteer certifications

***Determine the certification level of the tax return***

A non-tax law certified volunteer (Greeter) can perform this part of the process. When a Greeter is not available, a certified preparer should go through similar steps before the return is prepared.

- Page 2 of Form 13614-C now identifies the required tax law certification level for each question. The levels are identified as B (Basic), A (Advanced), M (Military), HSA (Health Savings Account), COD (Cancellation of Debt), etc.
- A volunteer will determine the potential certification level required for the tax return based on how the intake sheet was completed. All questions marked as "yes" and "unsure" should be reviewed to determine the highest certification level needed to prepare the return or to discuss the "unsure" responses.
- The volunteer assigning or selecting the tax return for preparation must understand how to identify the certification level required for that return.

If the Greeter cannot assign the taxpayer to a certified tax preparer with the required certification level listed on Form 13614-C, the Greeter is required to seek assistance to determine if the taxpayer's return can be prepared at the site based on a combination of the site's return preparation policy and Scope of Service Chart listed in Publication 4012. This will ensure taxpayers are not erroneously turned away from the site.

**example**

A taxpayer completes Form 13614-C, answering yes to the question, "Did you have debt from a mortgage or credit card canceled?" The certification level next to this question is COD (Cancellation of Debt). All other checked questions show the certification level B (Basic). Because of the need for COD knowledge, the taxpayer should be assigned to a volunteer who is certified in the COD course.

***Assign tax return to the volunteer preparer***

Every site is required have a process for assigning taxpayers to volunteer preparers who are certified at or above the level required to prepare their return. The method for identifying certification levels for volunteers can include indicators on name badges, stickers, nameplates, or other partner-created products. Having the certification levels easily identified will assist the Site Coordinator, Greeter, or whoever is responsible for assigning the tax return. SPEC has developed a new optional ID badge that can be used for this purpose or the site can use its own method to satisfy this requirement.

## The Interview Process

Only certified volunteers may interview the taxpayer. All certified volunteer preparers are required to view a training presentation on how to perform the interview process with the taxpayer. The basic steps are:

- **Verify taxpayer ID.** Check photo identification for the taxpayer (and spouse, if applicable) and request verification of social security or tax identification numbers for everyone listed on the tax return.
- **Review Form 13614-C.** Make sure the taxpayer has answered all required questions on Form 13614-C. Any questions left blank or marked “unsure” must be clarified and the correct answer should be recorded on Form 13614-C.
- **Interview the taxpayer.** Use probing questions to develop and/or clarify information on the intake sheet and to confirm the information provided by the taxpayer is complete and accurate.
- **Review documentation.** Look at all supporting documentation provided by the taxpayer (Forms W-2, 1099, payment receipts, etc.)
- **Verify certification level.** Make sure the taxpayer’s return is within the preparer’s certification level and within the scope of the VITA/TCE programs. Make all dependent exemption and filing status determinations before preparing the return.

## Preparing the Tax Return

After interviewing the taxpayer, the preparer enters information into the software and prepares the tax return.

## The Quality Review Process

The Quality Reviewer assigned to a taxpayer should have a certification equal to or above the level needed to prepare the tax return. The site is required to have a process in place for assigning tax returns to the appropriate Quality Reviewer. Volunteers are not permitted to quality review a tax return that they prepared themselves.

### example

Following preparation of the tax return in the previous COD example, a Quality Reviewer assigned to this taxpayer must also have COD certification.

The taxpayer must be interviewed during the quality review process. In most cases, the taxpayer will be present. However, the interview can be conducted using an approved alternative process, such as by phone or using other technology.

The last step of the quality review is informing the taxpayer of their responsibility for the information on the tax return. The taxpayer must be advised to review the return to ensure the information is accurate and complete and notified the return is signed under the penalty of perjury.



## Summary

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- All volunteers must agree to the Volunteer Standards of Conduct outlined in Form 13615. The instructor/ Site Coordinator/partner must verify the identity, with a photo ID, and certification of the volunteer before the volunteer is allowed to work at the site.
- Failure to comply with the standards may adversely affect the taxpayer, the site, the partner and the VITA/TCE programs.
- Violation of the standards will not be tolerated. If a violation is discovered, appropriate corrective actions will be taken, up to removal of the volunteer and closing of the site.
- Review Publication 1084, Site Coordinator's Handbook, for corrective actions the Site Coordinator should take if a VSC violation is identified.
- The Volunteer Protection Act generally protects volunteers from liability as long as they are acting in accordance with the standards.
- Volunteers and partners with questions about the standards should contact their IRS-SPEC relationship manager.

### Summary of the Intake/Interview and Quality Review Processes

To meet VITA/TCE Quality Site Requirements, volunteers must perform each of the following tasks during the intake/interview process:

- Verify the identity (photo ID) and address of the taxpayer(s) and request verification of social security or tax identification numbers for everyone listed on the tax return.
- Explain the tax preparation process and encourage taxpayers to ask questions throughout the interview.
- Complete Form 13614-C, Intake/Interview & Quality Review Sheet.
  - Verify all items in the taxpayer section have been answered
  - Note changes and clarifications provided by the taxpayer on the form
- Interview the taxpayer using probing questions to confirm the information provided on Form 13614-C is complete and accurate.
- Review all supporting documentation provided by the taxpayer (Forms W-2, 1099, payment receipts, etc.). If the taxpayer has income or expenses listed on the return which do not require a source document and none were provided, the intake sheet should be marked to show a verbal response was provided.
- Advise taxpayers of their ultimate responsibility for information on their return and by signing the return, they are guaranteeing under penalty of perjury that they have examined the return and its accompanying forms and schedules for accuracy.

To meet VITA/TCE Quality Site Requirements, a quality review requires all of the following:

- The completed tax return (printed or electronic copy)
- Form 13614-C, with all sections completed
- All documents provided by the taxpayer, including those used to verify identity, income, expenses, payments, and direct deposit

The taxpayer must be involved during the quality review process.

## Exercise Answers

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### Answer 1

- A. Yes, Standard 4, knowingly preparing a fraudulent return.
- B. Volunteer should be removed and barred from working at a VITA/TCE site and added to the volunteer registry.
- C. Cash income should be reported as income on Schedule C.

### Answer 2

- A. Yes, Standard 4, knowingly preparing a fraudulent return. Although the taxpayer insisted on including the dependent, Marge knew this was wrong.
- B. Volunteer should be removed and barred from working at a VITA/TCE site and added to the volunteer registry.
- C. Volunteer should educate George on dependent eligibility using Publication 4012, Volunteer Resource Guide, refuse to prepare the tax return, or report the incident to the Site Coordinator.

### Answer 3

- A. Yes, Standard 1, (Quality Site Requirement #10 Security, Privacy and Confidentiality). Although the volunteer's intention was to help Isabel get her refund sooner by having it direct deposited instead of mailed, putting it into his own account is problematic and could raise the question of misappropriation of a tax refund.
- B. Volunteer must be counseled that he cannot put any other taxpayer's refund into his own account. If this continues he will be removed and barred from the site.

### Answer 4

- A. Yes, Standard 3, using knowledge gained from the taxpayer for volunteers' personal benefit.
- B. He should be reminded that he cannot use taxpayer's personal information (marital status and phone number) for his benefit.

### Answer 5

- A. Maybe. Even though Max insists on using the cost basis he provides to John, as long as John has conducted a thorough interview, especially about the stock sales, he can prepare the return. John should remind Max that taxpayers sign their returns under penalty of perjury, and that Max is ultimately responsible for the return.  
  
If Max tells John that the basis amounts are wrong and John prepares the return anyway, then John is violating Standard 4, knowingly preparing a false return.
- B. As long as John did not knowingly prepare a false return, nothing should happen. However, if John does know the information is false, then he should be removed, barred from the site, and he could be added to the volunteer registry.
- C. John could have refused to prepare Max's return.

### Answer 6

- A. Yes, Standard 6. Volunteers must deal with people at the site with courtesy and in a respectful and professional manner.
- B. Nathan should be warned that future outbursts will result in his immediate removal as a volunteer.
- C. Nathan should have taken a deep breath and courteously explained the Form 8332 requirements using Publication 4012. If the situation still could not be resolved, Nathan should have requested the taxpayer speak to the Site Coordinator upon her return.



## Volunteer Standards of Conduct (Ethics) Test

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

- Receive Standards of Conduct (ethics) training
- Annually, complete VSC/Ethics training and pass a certification test with a score of 80% or higher
- Sign Form 13615, Volunteer Standards of Conduct Agreement, indicating they have taken the ethics training, successfully completed a test, and understand the ethics requirements

These Volunteer Standards of Conduct requirements are in addition to the tax law certification process (i.e., 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 programs.

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. Which of the following is a violation of the Volunteer Standards of Conduct?
  - a. Knowingly preparing a false tax return
  - b. Having a donation/tip jar in the taxpayer waiting area at the site
  - c. Using taxpayer's personal information to ask for a date
  - d. All of the above
2. Which volunteers must take Volunteer Standards of Conduct training and test?
  - a. Site Coordinators/Local Coordinators
  - b. Quality Reviewers and tax return preparers
  - c. Greeters
  - d. All VITA/TCE volunteers
3. If a volunteer violates the Volunteer Standards of Conduct, what are the possible consequences?
  - a. Removal from the VITA/TCE programs
  - b. Criminal investigation
  - c. Elimination of VITA/TCE grant funds
  - d. Deactivation of EFIN
  - e. All of the above

4. An IRS-certified volunteer preparer told the taxpayer that cash income does not need to be reported because the IRS will never find out. The return was completed without the cash income. The designated Quality Reviewer simply missed this omission and the return was printed, signed, and e-filed. Who has violated the Volunteer Standards of Conduct?
  - a. An IRS-certified volunteer preparer
  - b. Designated Quality Reviewer
  - c. Site Coordinator
  - d. Neither a nor b
  
5. Jake is an IRS-certified volunteer preparer in the VITA/TCE programs. When preparing a return for Jill, Jake learns that Jill does not have an account to receive a direct deposit of her refund. Jake offers to use his account to receive the direct deposit, and says he will turn the money over to Jill once the refund is deposited. Is this an acceptable action under the program?
  - a. Yes
  - b. No
  
6. Tax returns should be assigned to an IRS-certified volunteer after:
  - a. Identifying the tax law certification level of the certified return preparer
  - b. Identifying the tax law certification level needed for the return
  - c. Identifying the next available volunteer
  - d. A and B
  
7. Volunteers must verify the taxpayer has the following items as soon as possible:
  - a. Photo identification
  - b. Social security number documents
  - c. All income statements, including Forms W-2, 1099-R, etc.
  - d. All of the above
  
8. The taxpayer should be informed of their responsibility for the information on the tax return during the quality review process.
  - a. True
  - b. False
  
9. Volunteers who refuse to use the intake/interview process are violating the Standards of Conduct.
  - a. True
  - b. False

10. The official accuracy rates for VITA/TCE sites are determined by:
- SPEC Shopping reviews
  - SPEC QSS reviews
  - TIGTA Shopping reviews
  - SPEC Field Site visits

## Retest Questions

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### Directions

Using your resource materials, answer the following questions.

1. Is having a donation/tip jar in the waiting area at the site a violation of the Volunteer Standards of Conduct?
  - Yes
  - No
2. I am currently a volunteer Greeter. I will not be preparing tax returns. I do not need to take the Volunteer Standards of Conduct test.
  - True
  - False
3. Can a volunteer be removed and barred from the VITA/TCE programs for violating the Volunteer Standards of Conduct?
  - Yes
  - No
4. An IRS-certified volunteer preparer told the taxpayer that cash income does not need to be reported. The return was completed without the cash income. The designated Quality Reviewer simply missed this omission and the return was printed, signed, and e-filed. Did the designated Quality Reviewer violate the Volunteer Standards of Conduct?
  - Yes
  - No
5. Maggie asks Josh, the tax preparer, to deposit her refund into Josh's checking account and turn the funds over to her when received. If Josh says yes, he is in violation of the standards.
  - True
  - False

6. Sites should have a process in place to ensure returns assigned to IRS-certified volunteers are within the appropriate tax law certification level.
- a. True
  - b. False
7. Which of the following statements is **not** correct?
- a. Volunteers should confirm the taxpayer's identity through photo ID.
  - b. Volunteers should verify the social security number and/or ITIN.
  - c. Volunteers should review all documents needed to prepare an accurate return.
  - d. Volunteers do not need to refer to the intake sheet when preparing the tax return.
8. The quality review process includes:
- a. Explaining to the taxpayer their responsibility for the information on the tax return
  - b. The taxpayer being present, in most cases
  - c. Both A and B
9. An interview of the taxpayer should only be performed if the site is not busy.
- a. True
  - b. False
10. The official accuracy rates for VITA/TCE sites are determined by SPEC QSS reviews.
- a. True
  - b. False



Form **13615**  
(Rev. July 2013)

## 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.

**Instructions:** All VITA/TCE volunteers (whether paid or unpaid workers) must complete the *Volunteer Standards of Conduct Training*, and sign Form 13615, *Volunteer Standards of Conduct Agreement*, prior to working at a VITA/TCE site. In addition, return preparers, quality reviewers, and VITA/TCE tax law instructors must certify in 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 and signs the form.

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

- |  |   |
|--|---|
| <p>1) Follow the Quality Site Requirements (QSR).</p> <p>2) Not accept payment or solicit donations for federal or state tax return preparation.</p> <p>3) Not solicit business from taxpayers you assist or use the knowledge you gained (their information) about them for any direct or indirect personal benefit for you or any other specific individual.</p> | <p>4) Not knowingly prepare false returns.</p> <p>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.</p> <p>6) Treat all taxpayers in a professional, courteous, and respectful manner.</p> |
|--|---|

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 4299, *Privacy, Confidentiality, & the Volunteer Standards of Conduct – A Public Trust*.

**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.

**Volunteer:**

By signing this form, I declare that I have completed Volunteer Standards of Conduct Training and have read, understand, and will comply with the volunteer standards of conduct.

Full name <i>(please print)</i>	Volunteer position(s)
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Home street address: city, state and ZIP code

Email address	Daytime telephone	Sponsoring partner name/site name
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Number of years volunteered <i>(including this year)</i>	Volunteer signature	Date
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**Volunteer Certification Levels**

	Standards of Conduct <i>(Required for ALL)</i>	Basic	Advanced	Military	International	COD	HSA	Puerto Rico		Foreign Students
								1	2	
Add the letter "P" for all passing test scores										

Was the Intake/Interview & Quality Review PowerPoint Training completed? *(Required for site coordinators, quality reviewers, return preparers and instructors)*

**Site Coordinator, Sponsoring Partner, Instructor or IRS:** By signing this form, I declare that I have verified the required certification level(s) and proper identification for this volunteer prior to allowing the volunteer to work at the VITA/TCE site.

Approving Official's <i>(printed)</i> name and title <i>(site coordinator, sponsoring partner, instructor, etc.)</i>	Approving Official's signature and date
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**For Continuing Education (CE) Credits ONLY**  
*(to be completed by the site coordinator, partner, and/or SPEC territory)*

**Instructions:** The sponsoring partner or site coordinator will complete this section when an unpaid volunteer requests Continuing Education (CE) credits as an Enrolled Agent (EA), Other Tax Return Preparer (OTRP), or Certified Public Accountant (CPA) for volunteer hours as an instructor or quality reviewer. Once the volunteer has completed the minimum hours allowable for CE credits, the partner or site coordinator will complete this section, sign and date where indicated to validate the hours, and send the completed form to SPEC Territory Office/Relationship Manager. SPEC territory will validate that all requirements were met (completed training and completed hours) prior to submission to SPEC HQ. The maximum allowable CE credits will be validated by HQ and forwarded to Return Preparer's Office (RPO). Note: The maximum number of CE credits and minimum volunteer hours apply to EA and OTRP. CPA CE credit eligibility requirements are determined by individual state law.

Name as listed on their PTIN card *(review the card)*

Volunteer's Preparer's Tax Identification Number (PTIN) *(P-\_\_\_\_\_)*

Address *(VITA/TCE Site or teaching location)*

	<input type="checkbox"/> Enrolled Agent (EA) <input type="checkbox"/> Other Tax Return Preparers (OTRP)	<input type="checkbox"/> Certified Public Accountants (CPA)
<input type="checkbox"/> Quality Reviewer (QR) <i>(* maximum 14 CE credits)</i>	Total hours performing quality reviews _____ <i>(minimum 10 volunteer hours)</i>	Total hours performing quality reviews _____
<input type="checkbox"/> Instructor <i>(* maximum 8 CE credits)</i> List tax law courses instructed	Total hours teaching tax law _____ <i>(minimum 4 hours teaching)</i>	Total hours teaching tax law _____
Allowable CE Credits <i>(completed by the SPEC Territory Office)</i>		

\* Maximum combined QR & instructor CE credits: 18

**Site Coordinator, Sponsoring Partner, Instructor or IRS:** By signing this form, I declare that I have validated that the reported volunteer hours are based on the activities this volunteer performed in my site or training facility.

Approving Official's <i>(printed)</i> name and title <i>(site coordinator, sponsoring partner, instructor, etc.)</i>	Approving Official's signature and date
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### 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: Wendy Gordon

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#### Interview Notes

- Wendy is 20 years old, single, and a U.S. citizen with a valid social security number.
- On Wendy's Intake and Interview sheet, she answered "Unsure" to the question, "Can anyone claim you or your spouse on their tax return?"
- During the interview with Wendy, you determine the following facts:
  - Wendy was a full-time student during 2013.
  - Her only income was \$8,000 in wages.
  - She lived with her parents all year, but they told her they will not claim her.
  - Wendy does not provide more than half of her own support.

### Basic Scenario 1: Test Questions

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1. How many personal exemptions can Wendy claim on her 2013 tax return?
  - a. Wendy can claim 0 exemptions, because her income is less than \$10,000.
  - b. Wendy can claim 0 exemptions, because her parents can claim her as a dependent.
  - c. Wendy can claim 1 exemption, because she had earned income.
  - d. Wendy can claim 1 exemption, because her parents have decided not to claim her.
2. Can Wendy claim the earned income credit?
  - a. No, because she is the qualifying child of her parents.
  - b. No, because her income is too high.
  - c. No, because she did not provide over half of her own support.
  - d. Yes, because she has earned income.

## Basic Scenario 2: Joanne Parks

---

### Interview Notes

- Joanne is 32, unmarried, and earned \$40,000 in wages.
- Joanne's 67-year-old single mother, Agnes, moved in with her in February 2013.
- Joanne provided more than half of her mother's support and all the cost of keeping up the home.
- Agnes' only income was \$6,800 in social security benefits.
- None of Agnes' social security income is taxable, and she is not required to file a tax return.
- Joanne and Agnes are U.S. citizens and have valid social security numbers.

## Basic Scenario 2: Test Questions

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3. Can Joanne claim her mother as a dependent?
  - a. No, because Agnes is over 65 years old.
  - b. No, because Agnes' income is too high.
  - c. No, because Agnes did not live with her all year.
  - d. Yes, because Agnes is Joanne's qualifying relative.
4. Joanne's correct filing status is:
  - a. Single
  - b. Married Filing Jointly
  - c. Head of Household
  - d. Qualifying Widow

## Basic Scenario 3: Mike Hastings

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### Interview Notes

- Mike is 38 and made \$32,000 in wages in 2013. He is single and pays all the cost of keeping up his home.
- Mike's daughter, Brittany, lived with Mike all year.
- Brittany's baby, Hayden, was born in November 2013. Hayden lived in Mike's home since birth.
- Brittany is 16, single, and had \$3,200 in wages in 2013.
- Mike provides more than half of the support for both Brittany and Hayden.
- Mike, Brittany, and Hayden are all U.S. citizens with valid social security numbers.

## Basic Scenario 3: Test Questions

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5. Who can claim Hayden as a dependent?
  - a. Brittany can claim Hayden because she is his parent.
  - b. Mike can claim Hayden; Brittany cannot claim Hayden because Brittany is Mike's dependent.
  - c. Mike cannot claim Hayden because Hayden is not Mike's child.
  - d. Brittany can claim Hayden because she has earned income.
6. Who can Mike claim as a qualifying child(ren) for the earned income credit?
  - a. Mike has no qualifying children.
  - b. Mike can claim Brittany, but not Hayden.
  - c. Mike can claim Hayden, but not Brittany.
  - d. Mike can claim both Brittany and Hayden.

## Basic Scenario 4: George and Maria Newton

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### Interview Notes

- George and Maria are married and want to file a joint return.
- They have one child, Isabel, who is 5 years old and lived with them all year.
- George and Maria live in the U.S. and have Individual Taxpayer Identification Numbers (ITINs).
- Isabel is a U.S. citizen and has a valid social security number.
- George earned \$37,000 in wages, and had no other income. Maria had no income.
- George provided all the support for Maria and Isabel.

## Basic Scenario 4: Test Questions

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7. Why are George and Maria **not eligible** to claim the earned income credit?
  - a. Isabel is not a qualifying child.
  - b. Maria did not have earned income.
  - c. George and Maria's income is too high.
  - d. George and Maria have ITINs.
8. George and Maria can claim Isabel for the child tax credit.
  - a. True
  - b. False



## Basic Scenario 5: Jim Wells and Sally Fulton

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### Interview Notes

- Jim and Sally are not married. They lived together all year.
- Sally had \$5,000 in earned income during 2013. Jim earned \$30,000 in wages.
- Jim and Sally have two children. Tyler is 10 years old, and Jamie is 8.
- Tyler and Jamie lived with Jim and Sally for all of 2013.
- Tyler and Jamie did not provide over half of their own support.
- Jim paid all the rent, utilities, groceries, and other household expenses, which totaled \$16,000. Sally used \$1,000 of her income for clothing and entertainment expenses and put the remaining \$4,000 in her personal savings account.
- Jim and Sally agreed they would each claim one child on their individual tax returns.
- Jim, Sally, Tyler and Jamie are all U.S. citizens with valid social security numbers.

### Basic Scenario 5: Test Questions

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9. What are the correct filing statuses for Jim's and Sally's individual returns?
  - a. Both must file as Single.
  - b. Both can file as Head of Household.
  - c. They can choose which one files as Head of Household.
  - d. Jim can file as Head of Household and Sally must file as Single.
10. Jim and Sally can both claim the earned income credit on their individual returns.
  - a. True
  - b. False

## Basic Scenario 6: Melinda Armstrong

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### Interview Notes

- Melinda is single and employed as a clerk.
- Melinda earned \$47,000 in wages, and had no other income.
- In 2013, she took a computer class at the community college to improve her job skills.
- She has receipts showing she paid \$900 for tuition, \$300 for a course book, and \$50 for a parking permit. Melinda paid all expenses from her savings. She did not receive any assistance or reimbursement. She received a Form 1098-T showing \$900 in box 1.
- She ordered her course book from an online bookseller.
- The parking permit was not a requirement of enrollment.
- Melinda does not have enough deductions to itemize.
- Melinda is a U.S. citizen with a valid social security number.

## Basic Scenario 6: Test Questions

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11. Which education benefit is Melinda **not eligible** to take?
  - a. American opportunity credit
  - b. Lifetime learning credit
  - c. Tuition and fees deduction
  - d. She does not qualify for any education benefit
12. Which of the following are Melinda's qualified educational expenses for the lifetime learning credit?
  - a. \$900 in tuition
  - b. \$300 for course book
  - c. \$50 parking permit
  - d. None of her expenses qualify

## Basic Scenario 7: Warren and Shirley Graves

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### Interview Notes

- Warren and Shirley want to file a joint return.
- Warren called County Bank and confirmed they received \$9 of interest income in their savings account with no withholding and no early withdrawal penalty.



Form **13614-C**  
(October 2013)

Department of the Treasury - Internal Revenue Service  
**Intake/Interview & Quality Review Sheet**

OMB Number  
1545-1964

**You will need:**

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

• Please complete pages 1-2 of this form.

- You are responsible for the information on your return. Please provide complete and accurate information.
- If you have questions, please ask the IRS certified volunteer preparer.

**Part I - Your Personal Information**

1. Your first name <b>WARREN</b>	M.I.	Last name <b>GRAVES</b>	Are you a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Your spouse's first name <b>SHIRLEY</b>	M.I.	Last name <b>GRAVES</b>	Is your spouse a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing address <b>1932 CALVERT COURT</b>		Apt #	City <b>YOUR CITY</b>	State <b>YS</b>
4. Contact information Telephone number(s) <b>YOUR PHONE #</b>		Email address <b>NONE</b>		
5. Your Date of Birth <b>09/21/1942</b>	6. Your job title <b>RETIRED</b>	7. Last year, were you:		a. Full time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
8. Your spouse's Date of Birth <b>03/06/1950</b>	9. Your spouse's job title <b>RETIRED</b>	10. Last year, was your spouse:		a. Full time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
11. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure				
12. Have you or your spouse a. Been a victim of identity theft? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No b. Adopted a child? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				

**Part II - Marital Status and Household Information**

1. As of December 31 of last year, were you:  Single  Married Did you live with your spouse during any part of the last six months of 2013?  Yes  No

Divorced or Legally Separated Date of final decree or separate maintenance agreement \_\_\_\_\_

Widowed Year of spouse's death \_\_\_\_\_

2. List the names below of:

- **everyone** who lived with you last year (other than you or your spouse)
- **anyone** you supported but did not live with you last year

If additional space is needed check here  and list on page 4

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	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/13 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	To be completed by Certified Volunteer Preparer				
									Can this person be claimed by someone else as a dependent on their return? (yes/no)	Did this person provide more than 50% of their own support? (yes/no)	Did this person have more than \$3900 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)					

**Volunteers are trained to provide high quality service and uphold the highest ethical standards.  
To report unethical behavior to the IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205**

Yes	No	Unsure	Check appropriate box for each question in each section
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**Part III – Income – Last Year, Did You (or Your Spouse) Receive**

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (A) Tip Income?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (B) Scholarships? (Forms W-2, 1098-T)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (B) Refund of state/local income taxes? (Form 1099-G)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Alimony income?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (A) Self-Employment income? (Form 1099-MISC, cash)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (A) Income (or loss) from the sale of Stocks, Bonds or Real Estate? (including your home) (Forms 1099-S, 1099-B)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. (A) Distribution from Pensions, Annuities, and/or IRA? (Form 1099-R)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	12. (B) Unemployment compensation? (Form 1099-G)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	14. (M) Income (or loss) from Rental Property?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, etc.) (Forms W-2G) Specify _____

**Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay**

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. (B) Alimony? If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Contributions to a retirement account? _____ IRA (A) _____ Roth IRA (B) _____ 401K (B) _____ Other
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (B) Post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Unreimbursed employee business expenses? (such as uniforms or mileage)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (B) Medical expenses? (including health insurance premiums)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Home mortgage interest? (Form 1098)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (B) Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (B) Charitable contributions?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (B) Child or dependent care expenses such as daycare?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. (A) Expenses related to self-employment income or any other income you received?

**Part V – Life Events – Last Year, Did You (or Your Spouse)**

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (COD) Have debt from a mortgage or credit card cancelled/forgiven by a commercial lender? (Forms 1099-C, 1099-A)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (A) Buy, sell or have a foreclosure (COD) of your home? (Form 1099-A)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Live in an area that was affected by a natural disaster? If yes, where? _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (A) Receive the First Time Homebuyers Credit in 2008?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (B) Pay any student loan interest? (Form 1098-E)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much? _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?

**Part VI – Additional Information and Questions Related to the Preparation of Your Return****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**If you are due a refund, would you like**

Direct deposit?	To purchase U.S. Savings Bonds?	To split your refund between different accounts?
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

If you have a balance due, would you like to make a payment directly from your bank account?  Yes  No**Many free tax preparation sites operate by receiving grant money. The data from the following questions may be used by this site to apply for these grants. Your answers will be used only for statistical purposes.**Other than English, what language is spoken in your home? **NONE**  Prefer not to answerAre you or a member of your household considered disabled?  Yes  No  Prefer not to answer



**IRS Certified Volunteer Preparers participating in the VITA and TCE programs must use a correct Intake/Interview process to prepare each return.**

**Before preparing the tax return:**

- Interview the taxpayer using probing questions to clarify information on this form and confirm the information provided by the taxpayer is complete and accurate.
- Correct any incomplete or inaccurate information on this form including all "Unsure" answers.
- Review all supporting documentation provided by the taxpayer. (*Forms W-2, 1099, payment receipts, etc.*)
- Use Publication 4012, Volunteer Resource Guide and Publication 17, Your Federal Income Tax to validate tax law determinations.

**VITA/TCE Preparers Due Diligence Requirements**

- All IRS certified volunteers must exercise due diligence. This means, as a volunteer, you must do your part when preparing or quality reviewing a tax return to ensure the information on the return is correct and complete.
- Doing your part includes: confirming a taxpayer's (*and spouse if applicable*) identity and providing top-quality service by helping them understand and meet their tax responsibilities.
- Generally, as an IRS certified volunteer, you can rely in good faith on information from a taxpayer. However, part of due diligence requires asking a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, you need to ask yourself if the information is unusual or questionable.

**Make an effort to find the answer**

**When in doubt:**

- Seek Assistance from the site coordinator or a certified volunteer preparer with more experience.
- Research publications (*i.e. Publication 17, Publication 4012, Publication 596, etc.*).
- Research [www.irs.gov](http://www.irs.gov) for your answer.
- Research the Interactive Tax Assistance (ITA) tool to address tax law qualifications.
- Contact the VITA Hotline (*see Publication 4012*).
- Advise taxpayers to seek assistance from a professional return preparer if you cannot address their tax law issue.

If at any time you are uncomfortable with the information and/or documentation provided by a taxpayer, you should not prepare the tax return.

**Part VII – IRS Certified Volunteer Quality Reviewer Section**

**Review the tax return with the taxpayer to promote accuracy.**

1. Taxpayer (and Spouse's) **identity** verified with a photo ID.
2. The volunteer return preparer/ quality reviewer are **certified** to prepare/review this return.
3. All **unsure** boxes were discussed with the taxpayer and correctly marked yes or no.
4. The **information** on pages one and two was correctly addressed and transferred to the return.
5. Names, **SSNs, ITINs, and EINs**, were verified and correctly transferred to the return.
6. **Filing status** was verified and correct.
7. **Personal and Dependency Exemptions** are entered correctly on the return.
8. All **Income** (*including income with or without source documents*) checked "yes" in part III was correctly transferred to the tax return.
9. **Adjustments** are correct.
10. **Standard, Additional or Itemized Deductions** are correct.
11. All **credits** are correctly reported.
12. **Withholding** shown on Forms W-2, 1099 and **Estimated Tax Payments** are correctly reported.
13. **Direct Deposit/Debit** and checking/saving account numbers are correct.
14. **SIDN** is correct on the return.
15. The taxpayer(s) was advised that they are **responsible** for the information on their return.

Certified Volunteer Preparer's name/initials (*optional*)

Certified Volunteer Quality Reviewer's name/initials (*optional*)





CORRECTED (if checked)

PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code  <b>GILMER CORP 2250 DELTA AVE YOUR CITY, STATE ZIP</b>		<b>1</b> Gross distribution \$ <b>33,600.00</b>	OMB No. 1545-0119  <b>2013</b>		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>
		<b>2a</b> Taxable amount \$ <b>32,520.00</b>	Form <b>1099-R</b>		
PAYER'S federal identification number <b>34-6XXXXXX</b>		RECIPIENT'S identification number <b>137-XX-XXXX</b>		<b>3</b> Capital gain (included in box 2a) \$	
RECIPIENT'S name  <b>SHIRLEY GRAVES</b>		<b>5</b> Employee contributions /Designated Roth contributions or insurance premiums \$		<b>6</b> Net unrealized appreciation in employer's securities \$	
Street address (including apt. no.)  <b>1932 CALVERT COURT</b>		<b>7</b> Distribution code(s) <b>7</b>		<b>8</b> Other \$ %	
City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		<b>9a</b> Your percentage of total distribution %		<b>9b</b> Total employee contributions \$ <b>23,400.00</b>	
<b>10</b> Amount allocable to IRR within 5 years \$	<b>11</b> 1st year of desig. Roth contrib.	<b>12</b> State tax withheld \$		<b>13</b> State/Payer's state no. \$	
Account number (see instructions)		<b>15</b> Local tax withheld \$		<b>16</b> Name of locality \$	
		<b>14</b> State distribution \$		<b>17</b> Local distribution \$	

**Copy B**  
Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.

This information is being furnished to the Internal Revenue Service.

CORRECTED (if checked)

PAYER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone no.  <b>OZARK INVESTMENTS 623 KINGS PLACE YOUR CITY, STATE ZIP</b>		<b>1a</b> Total ordinary dividends \$ <b>270.00</b>	OMB No. 1545-0110  <b>2013</b>		<b>Dividends and Distributions</b>
		<b>1b</b> Qualified dividends \$ <b>180.00</b>	Form <b>1099-DIV</b>		
PAYER'S federal identification number <b>38-6XXXXXX</b>	RECIPIENT'S identification number <b>130-XX-XXXX</b>	<b>2a</b> Total capital gain distr. \$		<b>2b</b> Unrecap. Sec. 1250 gain \$	
RECIPIENT'S name  <b>WARREN GRAVES</b>		<b>2c</b> Section 1202 gain \$		<b>2d</b> Collectibles (28%) gain \$	
Street address (including apt. no.)  <b>1932 CALVERT COURT</b>		<b>3</b> Nondividend distributions \$		<b>4</b> Federal income tax withheld \$	
City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		<b>6</b> Foreign tax paid \$		<b>5</b> Investment expenses \$	
		<b>8</b> Cash liquidation distributions \$		<b>7</b> Foreign country or U.S. possession	
		<b>10</b> Exempt-interest dividends \$		<b>9</b> Noncash liquidation distributions \$	
Account number (see instructions)		<b>11</b> Specified private activity bond interest dividends \$		<b>12</b> State \$	
		<b>13</b> State identification no.		<b>14</b> State tax withheld \$	
				<b>17</b> Local distribution \$	

**Copy B**  
For Recipient

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.

**FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT**

**2013**

- PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME.
- SEE THE REVERSE FOR MORE INFORMATION.

Box 1. Name <b>Warren Graves</b>		Box 2. Beneficiary's Social Security Number <b>130-XX-XXXX</b>	
Box 3. Benefits Paid in 2013 <b>\$15,000.00</b>	Box 4. Benefits Repaid to SSA in 2013	Box 5. Net Benefits for 2012 (Box 3 minus Box 4) <b>\$15,000.00</b>	
DESCRIPTION OF AMOUNT IN BOX 3  <b>Paid by check or direct deposit: \$13,741.20</b> <b>Medicare Part B premiums deducted from your benefits: \$1,258.80</b>  <b>Medicare Prescription Drug premiums (Part D) deducted from your benefits: \$0</b>  <b>Total Additions:</b>  <b>Benefits for 2013: \$15,000</b>		DESCRIPTION OF AMOUNT IN BOX 4     Box 6. Voluntary Federal Income Tax Withholding <b>\$1,050.00</b>  Box 7. Address <b>1932 Calvert Court Your City, State Zip</b>   Box 8. Claim Number (Use this number if you need to contact SSA.)	

Draft as of June 21, 2013 - Subject to Change

Form SSA-1099-SM (6-2013)

**DO NOT RETURN THIS FORM TO SSA OR IRS**

July 9, 2013

Dear Taxpayer

Our records show that you were previously a victim of identity theft and currently have an identity theft indicator on your account.

We've assigned you a unique Identity Protection Personal Identification Number (IP PIN) for use with your 2013 federal tax return to make sure any tax return we receive with your identifying information is really from you.

Your assigned IP PIN for your 2013 federal tax return only is **012345**. Keep this with your tax records.

Do not lose your IP PIN. If you do, you will only be able to file a paper tax return; you won't be able to e-file. Our walk-in offices and call centers won't be able to provide the IP PIN to you or provide a replacement. We'll assign you a new IP PIN next year and for each year an identity theft indicator is on your account.

Use your IP PIN when filing your 2013 federal tax return to avoid delays. You will need to enter the IP PIN in a specific place on your return.

- If you're filing electronically, your tax software or practitioner will tell you when and where to enter your IP PIN.
- If you're filing a paper return, enter your IP PIN in the boxes marked "Identity Protection PIN", which are to the right of the Spouse's signature and occupation.
- If married filing jointly and both taxpayers receive an IP PIN, only enter the IP PIN for the first Social Security Number you enter on the tax return.

Keep your IP PIN private. Don't give your IP PIN to anyone other than a tax professional preparing and filing your 2013 return.

Protect your IP PIN. Don't use your six digit IP PIN number for any other service that requires a PIN. For example, if you choose to e-file, you will create a five-digit PIN to sign your return digitally. This number shouldn't include your IP PIN.

If you are applying for an extension for the 2013 tax year or requesting an installment agreement, you must file the extension application or the installment agreement request using a paper form.

The IP PIN process is a proactive effort by the IRS to protect victims of identity theft by preventing an identity thief from filing a return using an identity theft victim's Social Security Number.

If you have any questions, visit [www.irs.gov/4869cs](http://www.irs.gov/4869cs) for information and answers to Frequently Asked Questions about the Identity Protection Personal Information Number.

If you have comments or suggestions about this letter or the IP PIN process, please call us at 1-800-908-4490 extension 245, or email us at [ippinFeedback@irs.gov](mailto:ippinFeedback@irs.gov).

## Basic Scenario 7: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

13. Warren and Shirley have an Identity Protection PIN. How does this affect return preparation?
- This return cannot be prepared at a volunteer site.
  - The Identity Protection PIN must be entered during return preparation.
  - The return must be filed as a paper return.
  - It doesn't affect return preparation.
14. What is the correct amount of taxable interest shown on the Graves' Form 1040, line 8a?
- \$0
  - \$9
  - \$180
  - \$270
15. Is the Graves' social security income taxable?
- No, because their total income is less than \$50,000.
  - No, social security benefits are never taxable.
  - Yes, a portion of the social security income is taxable.
  - Yes, all of the social security income is taxable.
16. Why is the standard deduction on the Graves' tax return higher than \$12,200?
- They are itemizing their deductions.
  - Warren is over 65 years old.
  - Shirley is over 65 years old.
  - Either Warren or Shirley is blind.
17. Warren and Shirley want to avoid having a balance due next year. Shirley can submit a Form W4-P to have tax withheld on her pension.
- True
  - False



## Basic Scenario 8: Teresa Martin

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### Interview Notes

- Teresa's husband died in March 2012. For tax year 2012, Teresa filed a joint return. She has not remarried.
- Teresa provided the entire cost of maintaining the household and all the support for her children, Audrey and Mackenzie, in 2013.
- Her son, Zack, is permanently and totally disabled. He received \$4,000 in disability income and he provided more than half of his own support.
- Teresa lost her job in December 2012. She received unemployment for a brief period in 2013 until she found a new job.
- While she was unemployed, she cashed in her 401(k) savings from her previous employer and used the money for household expenses. She does not qualify for any exception to the additional tax on early distributions.
- Audrey and Mackenzie attended day-care while Teresa worked.



**You will need:**

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

• Please complete pages 1-2 of this form.

- You are responsible for the information on your return. Please provide complete and accurate information.
- If you have questions, please ask the IRS certified volunteer preparer.

**Part I – Your Personal Information**

1. Your first name <b>TERESA</b>	M.I.	Last name <b>MARTIN</b>	Are you a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Your spouse's first name	M.I.	Last name	Is your spouse a U.S. citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing address <b>129 PENNINGTON PLACE</b>		Apt #	City <b>YOUR CITY</b>	State <b>YS</b> ZIP code <b>YOUR ZIP</b>
4. Contact information Telephone number(s) <b>YOUR PHONE #</b>		Email address <b>NONE</b>		
5. Your Date of Birth <b>04/29/1968</b>	6. Your job title <b>MED ASSISTANT</b>		7. Last year, were you: a. Full time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
			b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
8. Your spouse's Date of Birth	9. Your spouse's job title		10. Last year, was your spouse: a. Full time student <input type="checkbox"/> Yes <input type="checkbox"/> No	
			b. Totally and permanently disabled <input type="checkbox"/> Yes <input type="checkbox"/> No c. Legally blind <input type="checkbox"/> Yes <input type="checkbox"/> No	
11. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure				
12. Have you or your spouse a. Been a victim of identity theft? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No b. Adopted a child? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				

**Part II – Marital Status and Household Information**

1. As of December 31 of last year, were you:  Single  
 Married Did you live with your spouse during any part of the last six months of 2013?  Yes  No  
 Divorced or Legally Separated Date of final decree or separate maintenance agreement \_\_\_\_\_  
 Widowed Year of spouse's death **2012**

2. List the names below of:  
 • **everyone** who lived with you last year (other than you or your spouse)  
 • **anyone** you supported but did not live with you last year

If additional space is needed check here  and list on page 4

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	US Citizen (yes/no)	Resident of U.S., Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/13 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	To be completed by Certified Volunteer Preparer				
									Can this person be claimed by someone else as a dependent on their return? (yes/no)	Did this person provide more than 50% of their own support? (yes/no)	Did this person have more than \$3900 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)					
<b>AUDREY MARTIN</b>	<b>08/25/04</b>	<b>DAUGHTER</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>NO</b>					
<b>MACKENZIE MARTIN</b>	<b>06/06/02</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>NO</b>					
<b>ZACK MARTIN</b>	<b>11/27/91</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>S</b>	<b>NO</b>	<b>YES</b>					

**Volunteers are trained to provide high quality service and uphold the highest ethical standards.  
 To report unethical behavior to the IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205**



Yes	No	Unsure	Check appropriate box for each question in each section
-----	----	--------	---

**Part III – Income – Last Year, Did You (or Your Spouse) Receive**

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? <u>1</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (A) Tip Income?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (B) Scholarships? (Forms W-2, 1098-T)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (B) Refund of state/local income taxes? (Form 1099-G)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Alimony income?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (A) Self-Employment income? (Form 1099-MISC, cash)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (A) Income (or loss) from the sale of Stocks, Bonds or Real Estate? (including your home) (Forms 1099-S, 1099-B)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. (A) Distribution from Pensions, Annuities, and/or IRA? (Form 1099-R)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. (B) Unemployment compensation? (Form 1099-G)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	14. (M) Income (or loss) from Rental Property?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, etc.) (Forms W-2G) Specify _____

**Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay**

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. (B) Alimony? If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Contributions to a retirement account? <u>    </u> IRA (A) <u>    </u> Roth IRA (B) <u>    </u> 401K (B) <u>    </u> Other
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (B) Post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Unreimbursed employee business expenses? (such as uniforms or mileage)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (B) Medical expenses? (including health insurance premiums)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Home mortgage interest? (Form 1098)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (B) Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (B) Charitable contributions?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. (B) Child or dependent care expenses such as daycare?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. (A) Expenses related to self-employment income or any other income you received?

**Part V – Life Events – Last Year, Did You (or Your Spouse)**

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (COD) Have debt from a mortgage or credit card cancelled/forgiven by a commercial lender? (Forms 1099-C, 1099-A)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (A) Buy, sell or have a foreclosure (COD) of your home? (Form 1099-A)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? <u>    </u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Live in an area that was affected by a natural disaster? If yes, where? <u>    </u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (A) Receive the First Time Homebuyers Credit in 2008?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (B) Pay any student loan interest? (Form 1098-E)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much? <u>    </u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?

**Part VI – Additional Information and Questions Related to the Preparation of Your Return****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**If you are due a refund, would you like**

Direct deposit?	To purchase U.S. Savings Bonds?	To split your refund between different accounts?
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

If you have a balance due, would you like to make a payment directly from your bank account?  Yes  No**Many free tax preparation sites operate by receiving grant money. The data from the following questions may be used by this site to apply for these grants. Your answers will be used only for statistical purposes.**Other than English, what language is spoken in your home? NONE  Prefer not to answerAre you or a member of your household considered disabled?  Yes  No  Prefer not to answer

**IRS Certified Volunteer Preparers participating in the VITA and TCE programs must use a correct Intake/Interview process to prepare each return.**

**Before preparing the tax return:**

- Interview the taxpayer using probing questions to clarify information on this form and confirm the information provided by the taxpayer is complete and accurate.
- Correct any incomplete or inaccurate information on this form including all "Unsure" answers.
- Review all supporting documentation provided by the taxpayer. (*Forms W-2, 1099, payment receipts, etc.*)
- Use Publication 4012, Volunteer Resource Guide and Publication 17, Your Federal Income Tax to validate tax law determinations.

**VITA/TCE Preparers Due Diligence Requirements**

- All IRS certified volunteers must exercise due diligence. This means, as a volunteer, you must do your part when preparing or quality reviewing a tax return to ensure the information on the return is correct and complete.
- Doing your part includes: confirming a taxpayer's (*and spouse if applicable*) identity and providing top-quality service by helping them understand and meet their tax responsibilities.
- Generally, as an IRS certified volunteer, you can rely in good faith on information from a taxpayer. However, part of due diligence requires asking a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, you need to ask yourself if the information is unusual or questionable.

**Make an effort to find the answer**

**When in doubt:**

- Seek Assistance from the site coordinator or a certified volunteer preparer with more experience.
- Research publications (*i.e. Publication 17, Publication 4012, Publication 596, etc.*).
- Research [www.irs.gov](http://www.irs.gov) for your answer.
- Research the Interactive Tax Assistance (ITA) tool to address tax law qualifications.
- Contact the VITA Hotline (*see Publication 4012*).
- Advise taxpayers to seek assistance from a professional return preparer if you cannot address their tax law issue.

If at any time you are uncomfortable with the information and/or documentation provided by a taxpayer, you should not prepare the tax return.

**Part VII – IRS Certified Volunteer Quality Reviewer Section**

**Review the tax return with the taxpayer to promote accuracy.**

1. Taxpayer (and Spouse's) **identity** verified with a photo ID.
2. The volunteer return preparer/ quality reviewer are **certified** to prepare/review this return.
3. All **unsure** boxes were discussed with the taxpayer and correctly marked yes or no.
4. The **information** on pages one and two was correctly addressed and transferred to the return.
5. Names, **SSNs, ITINs, and EINs**, were verified and correctly transferred to the return.
6. **Filing status** was verified and correct.
7. **Personal and Dependency Exemptions** are entered correctly on the return.
8. All **Income** (*including income with or without source documents*) checked "yes" in part III was correctly transferred to the tax return.
9. **Adjustments** are correct.
10. **Standard, Additional or Itemized Deductions** are correct.
11. All **credits** are correctly reported.
12. **Withholding** shown on Forms W-2, 1099 and **Estimated Tax Payments** are correctly reported.
13. **Direct Deposit/Debit** and checking/saving account numbers are correct.
14. **SIDN** is correct on the return.
15. The taxpayer(s) was advised that they are **responsible** for the information on their return.

Certified Volunteer Preparer's name/initials (*optional*)

Certified Volunteer Quality Reviewer's name/initials (*optional*)





a Employee's social security number <b>259-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile							
b Employer identification number (EIN) <b>35-6XXXXXX</b>				1 Wages, tips, other compensation <b>39,000.00</b>		2 Federal income tax withheld <b>2,500.00</b>									
c Employer's name, address, and ZIP code <b>MARICOPA MEDICAL SERVICES 1270 WEST 29TH STREET YOUR CITY, STATE ZIP</b>				3 Social security wages <b>39,000.00</b>		4 Social security tax withheld <b>2,418.00</b>									
				5 Medicare wages and tips <b>39,000.00</b>		6 Medicare tax withheld <b>566.00</b>									
				7 Social security tips		8 Allocated tips									
d Control number				9		10 Dependent care benefits									
e Employee's first name and initial Last name Suff. <b>TERESA MARTIN 129 PENNINGTON PLACE YOUR CITY, STATE ZIP</b>				11 Nonqualified plans		12a See instructions for box 12									
				13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b									
				14 Other		12c									
						12d									
f Employee's address and ZIP code				15 State Employer's state ID number <b>YS 35-6XXXXXX</b>		16 State wages, tips, etc. <b>39,000.00</b>		17 State income tax <b>1,472.00</b>		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

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

**2013**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.

CORRECTED (if checked)

PAYER'S name, street address, city or town, province or state, country, ZIP, or foreign postal code, and telephone no. <b>STATE UNEMPLOYMENT COMMISSION 1000 GOVERNMENT PLAZA YOUR CITY, STATE ZIP</b>		1 Unemployment compensation <b>\$ 1,500.00</b>		OMB No. 1545-0120 <b>2013</b>		<b>Certain Government Payments</b>	
		2 State or local income tax refunds, credits, or offsets <b>\$</b>		Form 1099-G			
PAYER'S federal identification number <b>35-7XXXXXX</b>	RECIPIENT'S identification number <b>259-XX-XXXX</b>	3 Box 2 amount is for tax year		4 Federal income tax withheld <b>\$ 150.00</b>		<b>Copy B For Recipient</b> 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.	
RECIPIENT'S name <b>TERESA MARTIN</b>		5 RTAA payments <b>\$</b>		6 Taxable grants <b>\$</b>			
Street address (including apt. no.) <b>129 PENNINGTON PLACE</b>		7 Agriculture payments <b>\$</b>		8 If checked, box 2 is trade or business income <input type="checkbox"/>			
City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		9 Market gain <b>\$</b>					
Account number (see instructions)		10a State		10b State identification no.			

Form 1099-G (keep for your records) www.irs.gov/form1099g Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code <b>KENT COMPANY 401(K) 743 COLQUITT WAY YOUR CITY, STATE ZIP</b>		<b>1</b> Gross distribution \$ <b>1,300.00</b>	OMB No. 1545-0119 <b>2013</b>	<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>		
		<b>2a</b> Taxable amount \$ <b>1,300.00</b>	Form <b>1099-R</b>			
		<b>2b</b> Taxable amount not determined <input type="checkbox"/>	Total distribution <input checked="" type="checkbox"/>	<b>Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.</b>		
PAYER'S federal identification number <b>38-2XXXXXX</b>	RECIPIENT'S identification number <b>259-XX-XXXX</b>	<b>3</b> Capital gain (included in box 2a) \$	<b>4</b> Federal income tax withheld \$ <b>260.00</b>			
RECIPIENT'S name <b>TERESA MARTIN</b>		<b>5</b> Employee contributions /Designated Roth contributions or insurance premiums \$	<b>6</b> Net unrealized appreciation in employer's securities \$			
Street address (including apt. no.) <b>129 PENNINGTON PLACE</b>		<b>7</b> Distribution code(s) <b>1</b>	IRA/SEP/SIMPLE <input type="checkbox"/>	<b>8</b> Other \$ %		
City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		<b>9a</b> Your percentage of total distribution %	<b>9b</b> Total employee contributions \$			
<b>10</b> Amount allocable to IRR within 5 years \$	<b>11</b> 1st year of desig. Roth contrib.	<b>12</b> State tax withheld \$	<b>13</b> State/Payer's state no.	<b>14</b> State distribution \$		
Account number (see instructions)		<b>15</b> Local tax withheld \$	<b>16</b> Name of locality	<b>17</b> Local distribution \$		

Form **1099-R**

www.irs.gov/form1099r

Department of the Treasury - Internal Revenue Service

**Stone's Child Care**

303 Twiggs Trail  
Your City, Your State Your Zip

December 31, 2013

Received from Teresa Martin:

\$1,400 for after-school care for Audrey Martin.  
\$1,400 for after-school care for Mackenzie Martin.

\$2,800 Total Amount Received

Ellen Stone

EIN: 35-9XXXXXX

<b>Teresa Martin</b> 129 Pennington Place Your City, State 00000	<b>1234</b> 15-0000000000
20	
PAY TO THE ORDER OF _____	\$ _____
DOLLARS	
<b>Adelphi Bank and Trust</b> Anytown, State 00000	
For _____	
: 111000025 : 123456789 1234	

VOID

## Basic Scenario 8: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

18. Which filing status is most advantageous to Teresa?
- Single
  - Head of Household
  - Married Filing Separately
  - Qualifying Widow with Dependent Child
19. Since Zack is disabled, he is Teresa's qualifying child for which of the following benefits?
- Exemption for a dependent
  - Child tax credit
  - Earned income credit
  - All of the above
20. What is Teresa's total federal income tax withholding? \$\_\_\_\_\_.
21. What is the credit for child and dependent care expenses on Form 2441, line 11?
- \$294
  - \$560
  - \$588
  - \$616
22. Who can Teresa claim as qualifying child(ren) for the **child tax credit** in 2013?
- Audrey
  - Audrey and Mackenzie
  - Audrey, Mackenzie, and Zack
  - None of the children qualify
23. What is the amount of additional tax on IRAs, other qualified retirement plans, etc., from the Other Taxes section of Teresa's Form 1040, page 2? \$\_\_\_\_\_.

24. The amount of **earned income** used to calculate Teresa's earned income credit is \$40,500.
- a. True
  - b. False



## Basic Scenario 9: Evan James Swift

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### Interview Notes

- Evan James Swift divorced in 2010 and has a son, Noah. Evan paid all the costs of keeping up the home. He has never provided a Form 8332 to his ex-wife.
- Noah provided less than 50% of his own support.
- Evan has never taken a distribution from a retirement account and is not a student.
- In 2013, Noah was a first year student at Brown College, an eligible educational institution. He is pursuing a degree in Computer Science. Noah used the proceeds of a student loan to purchase course-related books for \$1,500, pay \$9,000 for room and board, and pay the \$1,800 tuition not covered by his scholarship. Noah does not have a felony drug conviction.
- Noah lived in a dorm on campus during the school year. Noah lived with Evan before he started attending college and during school breaks.
- The terms of Noah's scholarship state that it must be used to pay qualified tuition.
- Evan wants to know if he has enough deductions to itemize. He gives you receipts and statements for the following items he would like to deduct:
  - Unreimbursed doctor bills for Evan for \$300
  - Unreimbursed prescription drugs for \$1,400
  - A statement received from his church showing donations made throughout the year totaling \$1,500
  - Evan paid \$400 interest on a credit card bill
- Evan bought a \$2 lottery ticket every week, for a total of \$104. Evan had \$250 in winnings.
- Evan did not itemize deductions last year. If Evan can itemize this year, he will deduct state and local income tax instead of state sales tax.



Form <b>13614-C</b> (October 2013)	Department of the Treasury - Internal Revenue Service <b>Intake/Interview &amp; Quality Review Sheet</b>	OMB Number 1545-1964
---------------------------------------	---	-------------------------

- You will need:**
- Tax Information such as Forms W-2, 1099, 1098.
  - Social security cards or ITIN letters for all persons on your tax return.
  - Picture ID (such as valid driver's license) for you and your spouse.
- Please complete pages 1-2 of this form.**
- You are responsible for the information on your return. Please provide complete and accurate information.
  - If you have questions, please ask the IRS certified volunteer preparer.

**Part I – Your Personal Information**

1. Your first name <b>EVAN</b>	M.I. <b>J</b>	Last name <b>SWIFT</b>	Are you a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Your spouse's first name	M.I.	Last name	Is your spouse a U.S. citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing address <b>847 MESA AVE</b>	Apt #	City <b>YOUR CITY</b>	State <b>YS</b> ZIP code <b>YOUR ZIP</b>
4. Contact information    Telephone number(s) <b>YOUR PHONE #</b> Email address <b>NONE</b>			
5. Your Date of Birth <b>08/10/1962</b>	6. Your job title <b>ELECTRICIAN</b>	7. Last year, were you: a. Full time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No    c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
8. Your spouse's Date of Birth	9. Your spouse's job title	10. Last year, was your spouse: a. Full time student <input type="checkbox"/> Yes <input type="checkbox"/> No b. Totally and permanently disabled <input type="checkbox"/> Yes <input type="checkbox"/> No    c. Legally blind <input type="checkbox"/> Yes <input type="checkbox"/> No	
11. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure			
12. Have you or your spouse a. Been a victim of identity theft? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No    b. Adopted a child? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

**Part II – Marital Status and Household Information**

1. As of December 31 of last year, were you:     Single  
 Married    Did you live with your spouse during any part of the last six months of 2013?     Yes     No  
 Divorced or Legally Separated    Date of final decree or separate maintenance agreement    **01/20/2010**  
 Widowed    Year of spouse's death \_\_\_\_\_

2. List the names below of:  
 • **everyone** who lived with you last year (other than you or your spouse)  
 • **anyone** you supported but did not live with you last year
- If additional space is needed check here  and list on page 4

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	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/13 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	To be completed by Certified Volunteer Preparer				
									Can this person be claimed by someone else as a dependent on their return? (yes/no)	Did this person provide more than 50% of their own support? (yes/no)	Did this person have more than \$3900 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)					
<b>NOAH SWIFT</b>	<b>06/09/94</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>NO</b>					

**Volunteers are trained to provide high quality service and uphold the highest ethical standards.  
 To report unethical behavior to the IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205**

Yes No Unsure Check appropriate box for each question in each section

**Part III – Income – Last Year, Did You (or Your Spouse) Receive**

- 1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 1
- 2. (A) Tip Income?
- 3. (B) Scholarships? (Forms W-2, 1098-T)
- 4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
- 5. (B) Refund of state/local income taxes? (Form 1099-G)
- 6. (B) Alimony income?
- 7. (A) Self-Employment income? (Form 1099-MISC, cash)
- 8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
- 9. (A) Income (or loss) from the sale of Stocks, Bonds 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)
- 11. (A) Distribution from Pensions, Annuities, and/or IRA? (Form 1099-R)
- 12. (B) Unemployment compensation? (Form 1099-G)
- 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, Sch K-1, etc.) (Forms W-2G) Specify **Lottery**

**Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay**

- 1. (B) Alimony? If yes, do you have the recipient's SSN?  Yes  No
- 2. Contributions to a retirement account? IRA (A) Roth IRA (B)  401K (B) Other
- 3. (B) Post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
- 4. (B) Unreimbursed employee business expenses? (such as uniforms or mileage)
- 5. (B) Medical expenses? (including health insurance premiums)
- 6. (B) Home mortgage interest? (Form 1098)
- 7. (B) Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
- 8. (B) Charitable contributions?
- 9. (B) Child or dependent care expenses such as daycare?
- 10. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
- 11. (A) Expenses related to self-employment income or any other income you received?

**Part V – Life Events – Last Year, Did You (or Your Spouse)**

- 1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
- 2. (COD) Have debt from a mortgage or credit card cancelled/forgiven by a commercial lender? (Forms 1099-C, 1099-A)
- 3. (A) Buy, sell or have a foreclosure (COD) of your home? (Form 1099-A)
- 4. (B) Have Earned Income Credit (EIC) 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. (B) Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
- 7. (A) Receive the First Time Homebuyers Credit in 2008?
- 8. (B) Pay any student loan interest? (Form 1098-E)
- 9. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much? \_\_\_\_\_
- 10. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?

**Part VI – Additional Information and Questions Related to the Preparation of Your Return**

**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

**If you are due a refund, would you like**

Direct deposit?  Yes  No To purchase U.S. Savings Bonds?  Yes  No To split your refund between different accounts?  Yes  No  
 If you have a balance due, would you like to make a payment directly from your bank account?  Yes  No

Many free tax preparation sites operate by receiving grant money. The data from the following questions may be used by this site to apply for these grants. Your answers will be used only for statistical purposes.

Other than English, what language is spoken in your home? NONE  Prefer not to answer

Are you or a member of your household considered disabled?  Yes  No  Prefer not to answer



**IRS Certified Volunteer Preparers participating in the VITA and TCE programs must use a correct Intake/Interview process to prepare each return.**

**Before preparing the tax return:**

- Interview the taxpayer using probing questions to clarify information on this form and confirm the information provided by the taxpayer is complete and accurate.
- Correct any incomplete or inaccurate information on this form including all "Unsure" answers.
- Review all supporting documentation provided by the taxpayer. (*Forms W-2, 1099, payment receipts, etc.*)
- Use Publication 4012, Volunteer Resource Guide and Publication 17, Your Federal Income Tax to validate tax law determinations.

**VITA/TCE Preparers Due Diligence Requirements**

- All IRS certified volunteers must exercise due diligence. This means, as a volunteer, you must do your part when preparing or quality reviewing a tax return to ensure the information on the return is correct and complete.
- Doing your part includes: confirming a taxpayer's (*and spouse if applicable*) identity and providing top-quality service by helping them understand and meet their tax responsibilities.
- Generally, as an IRS certified volunteer, you can rely in good faith on information from a taxpayer. However, part of due diligence requires asking a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, you need to ask yourself if the information is unusual or questionable.

**Make an effort to find the answer**

**When in doubt:**

- Seek Assistance from the site coordinator or a certified volunteer preparer with more experience.
- Research publications (*i.e. Publication 17, Publication 4012, Publication 596, etc.*).
- Research [www.irs.gov](http://www.irs.gov) for your answer.
- Research the Interactive Tax Assistance (ITA) tool to address tax law qualifications.
- Contact the VITA Hotline (*see Publication 4012*).
- Advise taxpayers to seek assistance from a professional return preparer if you cannot address their tax law issue.

If at any time you are uncomfortable with the information and/or documentation provided by a taxpayer, you should not prepare the tax return.

**Part VII – IRS Certified Volunteer Quality Reviewer Section**

**Review the tax return with the taxpayer to promote accuracy.**

1. Taxpayer (and Spouse's) **identity** verified with a photo ID.
2. The volunteer return preparer/ quality reviewer are **certified** to prepare/review this return.
3. All **unsure** boxes were discussed with the taxpayer and correctly marked yes or no.
4. The **information** on pages one and two was correctly addressed and transferred to the return.
5. Names, **SSNs, ITINs, and EINs**, were verified and correctly transferred to the return.
6. **Filing status** was verified and correct.
7. **Personal and Dependency Exemptions** are entered correctly on the return.
8. All **Income** (*including income with or without source documents*) checked "yes" in part III was correctly transferred to the tax return.
9. **Adjustments** are correct.
10. **Standard, Additional or Itemized Deductions** are correct.
11. All **credits** are correctly reported.
12. **Withholding** shown on Forms W-2, 1099 and **Estimated Tax Payments** are correctly reported.
13. **Direct Deposit/Debit** and checking/saving account numbers are correct.
14. **SIDN** is correct on the return.
15. The taxpayer(s) was advised that they are **responsible** for the information on their return.

Certified Volunteer Preparer's name/initials (*optional*)

Certified Volunteer Quality Reviewer's name/initials (*optional*)



a Employee's social security number <b>208-XX-XXXX</b>		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>37-5XXXXXX</b>		1 Wages, tips, other compensation <b>40,000.00</b>	2 Federal income tax withheld <b>3,142.00</b>		
c Employer's name, address, and ZIP code <b>PACE CONSTRUCTION 3604 FORREST TRAIL YOUR CITY, STATE ZIP</b>		3 Social security wages <b>42,000.00</b>	4 Social security tax withheld <b>2,604.00</b>		
		5 Medicare wages and tips <b>42,000.00</b>	6 Medicare tax withheld <b>609.00</b>		
		7 Social security tips	8 Allocated tips		
d Control number		9	10 Dependent care benefits		
e Employee's first name and initial Last name Suff. <b>EVAN JAMES SWIFT 847 MESA AVE YOUR CITY, STATE ZIP</b>		11 Nonqualified plans		12a See instructions for box 12 <b>D 2,000.00</b>	
		13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>	12b		
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State	Employer's state ID number <b>YS 37-5XXXXXX</b>	16 State wages, tips, etc. <b>40,000.00</b>	17 State income tax <b>1,160.00</b>	18 Local wages, tips, etc.	19 Local income tax
				20 Locality name	

Form **W-2** Wage and Tax Statement **2013** Department of the Treasury—Internal Revenue Service  
 Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
 This information is being furnished to the Internal Revenue Service.

CORRECTED (if checked)

RECIPIENT'S/LENDER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone number <b>FIRST MORTGAGE COMPANY 9800 STONEHILL WAY YOUR CITY, STATE ZIP</b>		* Caution: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.	OMB No. 1545-0901 <b>2013</b> Form 1098	<b>Mortgage Interest Statement</b>
RECIPIENT'S federal identification no. <b>37-6XXXXXX</b>	PAYER'S social security number <b>208-XX-XXXX</b>	1 Mortgage interest received from payer(s)/borrower(s)* <b>\$ 6,552.00</b>		Copy B For Payer/Borrower The information in boxes 1, 2, 3, and 4 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 the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report this refund of interest on your return.
PAYER'S/BORROWER'S name <b>EVAN JAMES SWIFT</b>		2 Points paid on purchase of principal residence <b>\$</b>		
Street address (including apt. no.) <b>847 MESA AVE</b>		3 Refund of overpaid interest <b>\$</b>		
City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		4 Mortgage insurance premiums <b>\$ 336.00</b>		
Account number (see instructions)		5 <b>Real Estate Tax: \$1,954</b>		

Form 1098 (keep for your records) www.irs.gov/form1098 Department of the Treasury - Internal Revenue Service

CORRECTED

FILER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone number <b>BROWN COLLEGE 10 COLLEGE AVE YOUR CITY, STATE ZIP</b>		1 Payments received for qualified tuition and related expenses <b>\$ 11,800.00</b>	OMB No. 1545-1574 <b>2013</b> Form <b>1098-T</b>	<b>Tuition Statement</b>  <b>Copy B For Student</b>  This is important tax information and is being furnished to the Internal Revenue Service.
FILER'S federal identification no. <b>37-7XXXXXX</b>	STUDENT'S social security number <b>209-XX-XXXX</b>	2 Amounts billed for qualified tuition and related expenses <b>\$</b>	3 If this box is checked, your educational institution has changed its reporting method for 2013 <input type="checkbox"/>	
STUDENT'S name <b>NOAH RYAN SWIFT</b>		4 Adjustments made for a prior year <b>\$</b>	5 Scholarships or grants <b>\$ 10,000.00</b>	
Street address (including apt. no.) <b>847 MESA AVE</b>		6 Adjustments to scholarships or grants for a prior year <b>\$</b>	7 Checked if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2014 ▶ <input type="checkbox"/>	
City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		8 Check if at least half-time student <input checked="" type="checkbox"/>	9 Checked if a graduate student . . . . . <input type="checkbox"/>	
Service Provider/Acct. No. (see instr.)			10 Ins. contract reimb./refund <b>\$</b>	
Form <b>1098-T</b> (keep for your records)		www.irs.gov/form1098t		Department of the Treasury - Internal Revenue Service



## Basic Scenario 9: Test Questions

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### Directions

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

25. What is Evan's total tax deduction on Schedule A, line 9?
- a. \$336
  - b. \$1,160
  - c. \$1,954
  - d. \$3,114
26. What is Evan's total interest deduction on Schedule A, line 15? \$\_\_\_\_\_.
27. How should Evan report his lottery activities?
- a. \$146 should be reported on Form 1040, line 21.
  - b. He does not report his lottery activity because he did not receive a Form W-2G.
  - c. He reports \$250 on Form 1040, line 21, and \$104 in gambling losses on Schedule A.
  - d. The gambling losses are never reported and the winnings are reported on line 21, Form 1040.
28. To compute the American opportunity credit, which of Noah's following expenses qualify?
- a. Tuition and fees paid by the scholarship
  - b. Room and board
  - c. Course-related books
  - d. All of the above
29. Does Evan qualify for the retirement savings contributions credit?
- a. Yes
  - b. No
30. What is the **refundable** amount of Evan's American opportunity credit from the payments section of Form 1040, page 2? \$\_\_\_\_\_.



### 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: Wendy Gordon

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#### Interview Notes

- Wendy is 20 years old, single, and a U.S. citizen with a valid social security number.
- On Wendy's Intake and Interview sheet, she answered "Unsure" to the question, "Can anyone claim you or your spouse on their tax return?"
- During the interview with Wendy, you determine the following facts:
  - Wendy was a full-time student during 2013.
  - Her only income was \$8,000 in wages.
  - She lived with her parents all year, but they told her they will not claim her.
  - Wendy does not provide more than half of her own support.

### Advanced Scenario 1: Test Questions

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1. How many personal exemptions can Wendy claim on her 2013 tax return?
  - a. Wendy can claim 0 exemptions, because her income is less than \$10,000.
  - b. Wendy can claim 0 exemptions, because her parents can claim her as a dependent.
  - c. Wendy can claim 1 exemption, because she had earned income.
  - d. Wendy can claim 1 exemption, because her parents have decided not to claim her.
2. Can Wendy claim the earned income credit?
  - a. No, because she is the qualifying child of her parents.
  - b. No, because her income is too high.
  - c. No, because she did not provide over half of her own support.
  - d. Yes, because she has earned income.

## Advanced Scenario 2: Mike Hastings

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### Interview Notes

- Mike is 38 and made \$32,000 in wages in 2013. He is single and pays all the cost of keeping up his home.
- Mike's daughter, Brittany, lived with Mike all year.
- Brittany's baby, Hayden, was born in November 2013. Hayden lived in Mike's home since birth.
- Brittany is 16, single, and had \$3,200 in wages in 2013.
- Mike provides more than half of the support for both Brittany and Hayden.
- Mike, Brittany, and Hayden are all U.S. citizens with valid social security numbers.

## Advanced Scenario 2: Test Questions

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3. Who can claim Hayden as a dependent?
  - a. Brittany can claim Hayden because she is his parent.
  - b. Mike can claim Hayden; Brittany cannot claim Hayden because Brittany is Mike's dependent.
  - c. Mike cannot claim Hayden because Hayden is not Mike's child.
  - d. Brittany can claim Hayden because she has earned income.
4. Who can Mike claim as a qualifying child(ren) for the earned income credit?
  - a. Mike has no qualifying children.
  - b. Mike can claim Brittany, but not Hayden.
  - c. Mike can claim Hayden, but not Brittany.
  - d. Mike can claim both Brittany and Hayden.

## Advanced Scenario 3: George and Maria Newton

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### Interview Notes

- George and Maria are married and want to file a joint return.
- They have one child, Isabel, who is 5 years old and lived with them all year.
- George and Maria live in the U.S. and have Individual Taxpayer Identification Numbers (ITINs).
- Isabel is a U.S. citizen and has a social security number.
- George earned \$37,000 in wages, and had no other income. Maria had no income.
- George provided all the support for Maria and Isabel.

### Advanced Scenario 3: Test Questions

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5. Why are George and Maria **not eligible** to claim the earned income credit?
  - a. Isabel is not a qualifying child
  - b. Maria did not have earned income
  - c. George and Maria's income is too high
  - d. George and Maria have ITINs
6. George and Maria can claim Isabel for the child tax credit.
  - a. True
  - b. False

## Advanced Scenario 4: Steven Wilson

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### Interview Notes

Steven sold some stock in 2013, and has come to you to prepare his tax return.

ABC stock:

- Steven inherited 50 shares of ABC stock from his great-uncle Nathan who died on November 7, 2012.
- Great-uncle Nathan's basis was \$12 per share.
- The fair market value on the date of death was \$30 per share.
- Steven sold 25 shares of ABC on July 1, 2013. His Form 1099-B shows sales price, less commissions, of \$600.

XYZ stock:

- On March 15, 2013, Steven sold 150 shares of XYZ stock, which he purchased in 1998.
- Steven does not know the basis for his XYZ stock, and the basis is not shown on the Form 1099-B he received from the broker.

PSA mutual fund:

- On October 7, 2012, Steven purchased 1,000 shares of the PSA mutual fund for \$7,500.
- On March 7, 2013, the fund paid a capital gain distribution of \$200 that was reinvested to purchase an additional 20 shares.
- Steven received Form 1099-DIV reporting the capital gain distribution. He also received a year-end statement showing \$10,500 as the December 31, 2013, value of his 1,020 shares.

## Advanced Scenario 4: Test Questions

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7. What is the basis of the 25 shares of inherited ABC stock that Steven sold in 2013?
  - a. \$300
  - b. \$600
  - c. \$750
  - d. \$1,500
8. How will Steven report the sale of ABC stock on his 2013 tax return?
  - a. As a short-term capital gain
  - b. As a short-term capital loss
  - c. As a long-term capital gain
  - d. As a long-term capital loss

9. Steven does not know the basis of his XYZ stock. What can he do?
- a. He can use \$0 as his basis.
  - b. He can contact his broker for help calculating his basis.
  - c. He can calculate his basis by locating and reviewing all of the relevant XYZ stock records.
  - d. Any of the above.
10. What is the total basis of all Steven's PSA mutual fund shares held on December 31, 2013?
- a. \$200
  - b. \$7,500
  - c. \$7,700
  - d. \$10,500



## Advanced Scenario 5: Melinda Armstrong

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### Interview Notes

- Melinda is single and employed as a clerk.
- Melinda earned \$47,000 in wages, and had no other income.
- In 2013, she took a computer class at the community college to improve her job skills.
- She has receipts showing she paid \$900 for tuition, \$300 for a course book, and \$50 for a parking permit. Melinda paid all expenses from her savings. She did not receive any assistance or reimbursement. She received a Form 1098-T showing \$900 in box 1.
- She ordered her course book from an online bookseller.
- The parking permit was not a requirement of enrollment.
- Melinda does not have enough deductions to itemize.
- Melinda is a U.S. citizen with a valid social security number.

## Advanced Scenario 5: Test Questions

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11. Melinda is eligible to claim the American opportunity credit.
  - a. True
  - b. False
12. How much does Melinda have in qualified educational expenses for the lifetime learning credit? \$\_\_\_\_\_.

## Advanced Scenario 6: Matthew Clark

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### Interview Notes

- Matthew works part-time at a local restaurant. He has not kept a record of tips he received.
- In September 2013, he enrolled in college to pursue a bachelor's degree. He had no other post-secondary education. Brown College is a qualified educational institution.
- Matthew does not have a felony drug conviction.
- Matthew brought a Form 1098-T and an account statement from the college.
- The terms of Matthew's scholarship require that it be used to pay for tuition.
- Matthew took a distribution from his IRA to pay for some of his education expenses. All his IRA contributions were deductible in the year he made them.
- Matthew's 67-year-old mother, Deborah, moved in with him in February 2013. Deborah was widowed five years ago and has not remarried.
- Matthew provided more than half of his mother's support and all the cost of keeping up the home.
- Deborah's only income was \$6,800 in social security benefits. None of Deborah's social security income is taxable, and she is not required to file a tax return.



Form <b>13614-C</b> (October 2013)	Department of the Treasury - Internal Revenue Service <b>Intake/Interview &amp; Quality Review Sheet</b>	OMB Number 1545-1964
---------------------------------------	---	-------------------------

- You will need:**
- Tax Information such as Forms W-2, 1099, 1098.
  - Social security cards or ITIN letters for all persons on your tax return.
  - Picture ID (such as valid driver's license) for you and your spouse.
- Please complete pages 1-2 of this form.**
- You are responsible for the information on your return. Please provide complete and accurate information.
  - If you have questions, please ask the IRS certified volunteer preparer.

**Part I – Your Personal Information**

1. Your first name <b>MATTHEW</b>	M.I.	Last name <b>CLARK</b>	Are you a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Your spouse's first name	M.I.	Last name	Is your spouse a U.S. citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing address <b>235 STONEHILL</b>	Apt #	City <b>YOUR CITY</b>	State <b>YS</b> ZIP code <b>YOUR ZIP</b>
4. Contact information    Telephone number(s) <b>YOUR PHONE #</b> Email address <b>NONE</b>			
5. Your Date of Birth <b>12/28/1977</b>	6. Your job title <b>SERVER</b>	7. Last year, were you: a. Full time student <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No    c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
8. Your spouse's Date of Birth	9. Your spouse's job title	10. Last year, was your spouse: a. Full time student <input type="checkbox"/> Yes <input type="checkbox"/> No b. Totally and permanently disabled <input type="checkbox"/> Yes <input type="checkbox"/> No    c. Legally blind <input type="checkbox"/> Yes <input type="checkbox"/> No	
11. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure			
12. Have you or your spouse a. Been a victim of identity theft? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No    b. Adopted a child? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

**Part II – Marital Status and Household Information**

1. As of December 31 of last year, were you:     Single  
 Married    Did you live with your spouse during any part of the last six months of 2013?     Yes     No  
 Divorced or Legally Separated    Date of final decree or separate maintenance agreement \_\_\_\_\_  
 Widowed    Year of spouse's death \_\_\_\_\_

2. List the names below of:  
 • **everyone** who lived with you last year (other than you or your spouse)  
 • **anyone** you supported but did not live with you last year
- If additional space is needed check here  and list on page 4

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	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/13 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	Can this person be claimed by someone else as a dependent on their return? (yes/no)	Did this person provide more than 50% of their own support? (yes/no)	Did this person have more than \$3900 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)					
<b>DEBORAH CLARK</b>	<b>06/09/46</b>	<b>MOTHER</b>	<b>11</b>	<b>YES</b>	<b>YES</b>	<b>S</b>	<b>NO</b>	<b>NO</b>					

**Volunteers are trained to provide high quality service and uphold the highest ethical standards.**  
**To report unethical behavior to the IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205**

Yes No Unsure Check appropriate box for each question in each section

**Part III – Income – Last Year, Did You (or Your Spouse) Receive**

- 1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 1
- 2. (A) Tip Income?
- 3. (B) Scholarships? (Forms W-2, 1098-T)
- 4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
- 5. (B) Refund of state/local income taxes? (Form 1099-G)
- 6. (B) Alimony income?
- 7. (A) Self-Employment income? (Form 1099-MISC, cash)
- 8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
- 9. (A) Income (or loss) from the sale of Stocks, Bonds 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)
- 11. (A) Distribution from Pensions, Annuities, and/or IRA? (Form 1099-R)
- 12. (B) Unemployment compensation? (Form 1099-G)
- 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, Sch K-1, etc.) (Forms W-2G) Specify \_\_\_\_\_

**Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay**

- 1. (B) Alimony? If yes, do you have the recipient's SSN?  Yes  No
- 2. Contributions to a retirement account? \_\_\_\_\_ IRA (A) \_\_\_\_\_ Roth IRA (B) \_\_\_\_\_ 401K (B) \_\_\_\_\_ Other
- 3. (B) Post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
- 4. (B) Unreimbursed employee business expenses? (such as uniforms or mileage)
- 5. (B) Medical expenses? (including health insurance premiums)
- 6. (B) Home mortgage interest? (Form 1098)
- 7. (B) Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
- 8. (B) Charitable contributions?
- 9. (B) Child or dependent care expenses such as daycare?
- 10. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
- 11. (A) Expenses related to self-employment income or any other income you received?

**Part V – Life Events – Last Year, Did You (or Your Spouse)**

- 1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
- 2. (COD) Have debt from a mortgage or credit card cancelled/forgiven by a commercial lender? (Forms 1099-C, 1099-A)
- 3. (A) Buy, sell or have a foreclosure (COD) of your home? (Form 1099-A)
- 4. (B) Have Earned Income Credit (EIC) 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. (B) Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
- 7. (A) Receive the First Time Homebuyers Credit in 2008?
- 8. (B) Pay any student loan interest? (Form 1098-E)
- 9. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much? \_\_\_\_\_
- 10. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?

**Part VI – Additional Information and Questions Related to the Preparation of Your Return**

**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

**If you are due a refund, would you like**

Direct deposit?  Yes  No To purchase U.S. Savings Bonds?  Yes  No To split your refund between different accounts?  Yes  No

If you have a balance due, would you like to make a payment directly from your bank account?  Yes  No

Many free tax preparation sites operate by receiving grant money. The data from the following questions may be used by this site to apply for these grants. Your answers will be used only for statistical purposes.

Other than English, what language is spoken in your home? NONE  Prefer not to answer

Are you or a member of your household considered disabled?  Yes  No  Prefer not to answer



**IRS Certified Volunteer Preparers participating in the VITA and TCE programs must use a correct Intake/Interview process to prepare each return.**

**Before preparing the tax return:**

- Interview the taxpayer using probing questions to clarify information on this form and confirm the information provided by the taxpayer is complete and accurate.
- Correct any incomplete or inaccurate information on this form including all "Unsure" answers.
- Review all supporting documentation provided by the taxpayer. (*Forms W-2, 1099, payment receipts, etc.*)
- Use Publication 4012, Volunteer Resource Guide and Publication 17, Your Federal Income Tax to validate tax law determinations.

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- All IRS certified volunteers must exercise due diligence. This means, as a volunteer, you must do your part when preparing or quality reviewing a tax return to ensure the information on the return is correct and complete.
- Doing your part includes: confirming a taxpayer's (*and spouse if applicable*) identity and providing top-quality service by helping them understand and meet their tax responsibilities.
- Generally, as an IRS certified volunteer, you can rely in good faith on information from a taxpayer. However, part of due diligence requires asking a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, you need to ask yourself if the information is unusual or questionable.

**Make an effort to find the answer**

**When in doubt:**

- Seek Assistance from the site coordinator or a certified volunteer preparer with more experience.
- Research publications (*i.e. Publication 17, Publication 4012, Publication 596, etc.*).
- Research [www.irs.gov](http://www.irs.gov) for your answer.
- Research the Interactive Tax Assistance (ITA) tool to address tax law qualifications.
- Contact the VITA Hotline (*see Publication 4012*).
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If at any time you are uncomfortable with the information and/or documentation provided by a taxpayer, you should not prepare the tax return.

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**Review the tax return with the taxpayer to promote accuracy.**


1. Taxpayer (and Spouse's) **identity** verified with a photo ID.
2. The volunteer return preparer/ quality reviewer are **certified** to prepare/review this return.
3. All **unsure** boxes were discussed with the taxpayer and correctly marked yes or no.
4. The **information** on pages one and two was correctly addressed and transferred to the return.
5. Names, **SSNs, ITINs, and EINs**, were verified and correctly transferred to the return.
6. **Filing status** was verified and correct.
7. **Personal and Dependency Exemptions** are entered correctly on the return.
8. All **Income** (*including income with or without source documents*) checked "yes" in part III was correctly transferred to the tax return.
9. **Adjustments** are correct.
10. **Standard, Additional or Itemized Deductions** are correct.
11. All **credits** are correctly reported.
12. **Withholding** shown on Forms W-2, 1099 and **Estimated Tax Payments** are correctly reported.
13. **Direct Deposit/Debit** and checking/saving account numbers are correct.
14. **SIDN** is correct on the return.
15. The taxpayer(s) was advised that they are **responsible** for the information on their return.

Certified Volunteer Preparer's name/initials (*optional*)

Certified Volunteer Quality Reviewer's name/initials (*optional*)





a Employee's social security number <b>454-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>35-5XXXXXX</b>		1 Wages, tips, other compensation <b>23,400.00</b>		2 Federal income tax withheld <b>1,800.00</b>			
c Employer's name, address, and ZIP code <b>PEACH CAFE 21 S. 10TH STREET YOUR CITY, STATE ZIP</b>		3 Social security wages <b>7,800.00</b>		4 Social security tax withheld <b>1,450.80</b>			
		5 Medicare wages and tips <b>23,400.00</b>		6 Medicare tax withheld <b>339.30</b>			
		7 Social security tips <b>15,600.00</b>		8 Allocated tips <b>2,500.00</b>			
		9		10 Dependent care benefits			
d Control number							
e Employee's first name and initial Last name Suff. <b>MATTHEW CLARK 235 STONEHILL YOUR CITY, STATE ZIP</b>		11 Nonqualified plans		12a See instructions for box 12			
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b			
		14 Other		12c			
				12d			
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	
YS	34-5XXXXXX	23,400.00	217.20				

Form **W-2** Wage and Tax Statement **2013** Department of the Treasury—Internal Revenue Service  
 Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
 This information is being furnished to the Internal Revenue Service.

CORRECTED (if checked)

PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code <b>PRAIRIE BANK CUSTODIAN FOR THE IRA OF MATTHEW CLARK 1727 OSAGE WAY YOUR CITY, STATE ZIP</b>		1 Gross distribution \$ <b>2,000.00</b>		OMB No. 1545-0119 <b>2013</b> Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
2a Taxable amount \$ <b>2,000.00</b>		2b Taxable amount not determined <input checked="" type="checkbox"/> Total distribution <input type="checkbox"/>		3 Capital gain (included in box 2a) \$		4 Federal income tax withheld \$	
PAYER'S federal identification number <b>30-6XXXXXX</b>	RECIPIENT'S identification number <b>454-XX-XXXX</b>	5 Employee contributions /Designated Roth contributions or insurance premiums \$		6 Net unrealized appreciation in employer's securities \$		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.  This information is being furnished to the Internal Revenue Service.	
RECIPIENT'S name <b>MATTHEW CLARK</b> Street address (including apt. no.) <b>235 STONEHILL</b> City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		7 Distribution code(s) <b>1</b>	IRA/SEP/SIMPLE <input checked="" type="checkbox"/>	8 Other \$ %			
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.		9a Your percentage of total distribution %		9b Total employee contributions \$	
12 State tax withheld \$		13 State/Payer's state no.		14 State distribution \$			
Account number (see instructions)		15 Local tax withheld \$		16 Name of locality		17 Local distribution \$	

Form **1099-R** www.irs.gov/form1099r Department of the Treasury - Internal Revenue Service

CORRECTED

FILER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone number <b>BROWN COLLEGE 10 COLLEGE AVE YOUR CITY, STATE ZIP</b>		1 Payments received for qualified tuition and related expenses <b>\$ 5,600.00</b>	OMB No. 1545-1574 <b>2013</b> Form <b>1098-T</b>	<b>Tuition Statement</b>
FILER'S federal identification no. <b>37-7XXXXXX</b>	STUDENT'S social security number <b>454-XX-XXXX</b>	2 Amounts billed for qualified tuition and related expenses <b>\$</b>	3 If this box is checked, your educational institution has changed its reporting method for 2013 <input type="checkbox"/>	
STUDENT'S name <b>MATTHEW CLARK</b>		4 Adjustments made for a prior year <b>\$</b>	5 Scholarships or grants <b>\$ 3,000.00</b>	This is important tax information and is being furnished to the Internal Revenue Service.
Street address (including apt. no.) <b>235 STONEHILL</b>		6 Adjustments to scholarships or grants for a prior year <b>\$</b>	7 Checked if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2014 <input type="checkbox"/>	
City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		9 Checked if a graduate student <input type="checkbox"/>	10 Ins. contract reimb./refund <b>\$</b>	
Service Provider/Acct. No. (see instr.)	8 Check if at least half-time student <input checked="" type="checkbox"/>			

Form **1098-T** (keep for your records) [www.irs.gov/form1098t](http://www.irs.gov/form1098t) Department of the Treasury - Internal Revenue Service



## Brown College

### Statement of Account

December 31, 2013

Matthew Clark

Student ID 454-XX-XXXX

Date	Transaction	Amount Billed	Amount Paid
08/30/2013	Tuition – Fall Semester 2013	+\$5,600.00	
08/30/2013	Scholarship		-\$3,000.00
09/03/2013	Meal plan	+\$ 350.00	
09/03/2013	Parking pass	+\$ 90.00	
09/04/2013	Campus Bookstore charge to student account	+\$ 500.00	
09/05/2013	Payment – check #1234		-\$3,540.00

12/31/2013 Account Balance.....\$0.00

## Advanced Scenario 6: Test Questions

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### Directions

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

13. Can Matthew claim his mother as a dependent?
- No, because Deborah is older than Matthew.
  - No, because Deborah's income is too high.
  - No, because Deborah did not live with him all year.
  - Yes, because Deborah is Matthew's qualifying relative.
14. Matthew's correct filing status is:
- Single
  - Married Filing Jointly
  - Head of Household
  - Qualifying Widow
15. Which of the following expenses qualify for the American opportunity credit?
- Books
  - Meal plan
  - Parking pass
  - All of the above
16. What amount of **tuition** is included as a qualified expense in the calculation of the American opportunity credit? \$\_\_\_\_\_.
17. Why does Matthew need to file a Form 4137?
- He must pay a penalty on his tip income.
  - He must pay social security and Medicare tax on the allocated tips from Form W-2.
  - His wages weren't high enough to pay for his withholding.
  - He owes an additional tax because he only worked part-time.
18. Matthew qualifies for an exception to the 10% additional tax on the early distribution from his IRA.
- True
  - False

## Advanced Scenario 7: Teresa Martin

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### Interview Notes

- Teresa's husband died in March 2012. For tax year 2012, Teresa filed a joint return. She has not remarried.
- Teresa provided the entire cost of maintaining the household and all the support for her children, Audrey and Mackenzie, in 2013.
- Her son, Zack, is permanently and totally disabled. He received \$4,000 in disability income and he provided more than half of his own support.
- Teresa lost her job in December 2012. She received unemployment for a brief period in 2013 until she found a new job.
- While she was unemployed, she cashed in her 401(k) savings from her previous employer and used the money for household expenses. She does not qualify for any exception to the additional tax on early distributions
- Audrey and Mackenzie attended day-care while Teresa worked.





Form **13614-C**  
(October 2013)

Department of the Treasury - Internal Revenue Service  
**Intake/Interview & Quality Review Sheet**

OMB Number  
1545-1964

**You will need:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for all persons on your tax return.
- Picture ID (such as valid driver's license) for you and your spouse.

• Please complete pages 1-2 of this form.

- You are responsible for the information on your return. Please provide complete and accurate information.
- If you have questions, please ask the IRS certified volunteer preparer.

**Part I – Your Personal Information**

1. Your first name <b>TERESA</b>	M.I.	Last name <b>MARTIN</b>	Are you a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Your spouse's first name	M.I.	Last name	Is your spouse a U.S. citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing address <b>129 PENNINGTON PLACE</b>		Apt #	City <b>YOUR CITY</b>	State <b>YS</b> ZIP code <b>YOUR ZIP</b>
4. Contact information Telephone number(s) <b>YOUR PHONE #</b>		Email address <b>NONE</b>		
5. Your Date of Birth <b>04/29/1968</b>	6. Your job title <b>MED ASSISTANT</b>		7. Last year, were you: a. Full time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
8. Your spouse's Date of Birth	9. Your spouse's job title		10. Last year, was your spouse: a. Full time student <input type="checkbox"/> Yes <input type="checkbox"/> No b. Totally and permanently disabled <input type="checkbox"/> Yes <input type="checkbox"/> No c. Legally blind <input type="checkbox"/> Yes <input type="checkbox"/> No	
11. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure				
12. Have you or your spouse a. Been a victim of identity theft? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No b. Adopted a child? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				

**Part II – Marital Status and Household Information**

1. As of December 31 of last year, were you:  Single  
 Married Did you live with your spouse during any part of the last six months of 2013?  Yes  No  
 Divorced or Legally Separated Date of final decree or separate maintenance agreement \_\_\_\_\_  
 Widowed Year of spouse's death **2012**

2. List the names below of:

- **everyone** who lived with you last year (other than you or your spouse)
- **anyone** you supported but did not live with you last year

If additional space is needed check here  and list on page 4

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	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/13 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	To be completed by Certified Volunteer Preparer				
									Can this person be claimed by someone else as a dependent on their return? (yes/no)	Did this person provide more than 50% of their own support? (yes/no)	Did this person have more than \$3900 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)					
<b>AUDREY MARTIN</b>	<b>08/25/04</b>	<b>DAUGHTER</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>NO</b>					
<b>MACKENZIE MARTIN</b>	<b>06/06/02</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>NO</b>					
<b>ZACK MARTIN</b>	<b>11/27/91</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>S</b>	<b>NO</b>	<b>YES</b>					

**Volunteers are trained to provide high quality service and uphold the highest ethical standards.  
To report unethical behavior to the IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205**

Yes No Unsure Check appropriate box for each question in each section

**Part III – Income – Last Year, Did You (or Your Spouse) Receive**

- 1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 1
- 2. (A) Tip Income?
- 3. (B) Scholarships? (Forms W-2, 1098-T)
- 4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
- 5. (B) Refund of state/local income taxes? (Form 1099-G)
- 6. (B) Alimony income?
- 7. (A) Self-Employment income? (Form 1099-MISC, cash)
- 8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
- 9. (A) Income (or loss) from the sale of Stocks, Bonds 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)
- 11. (A) Distribution from Pensions, Annuities, and/or IRA? (Form 1099-R)
- 12. (B) Unemployment compensation? (Form 1099-G)
- 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, Sch K-1, etc.) (Forms W-2G) Specify \_\_\_\_\_

**Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay**

- 1. (B) Alimony? If yes, do you have the recipient's SSN?  Yes  No
- 2. Contributions to a retirement account? \_\_\_\_\_ IRA (A) \_\_\_\_\_ Roth IRA (B) \_\_\_\_\_ 401K (B) \_\_\_\_\_ Other
- 3. (B) Post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
- 4. (B) Unreimbursed employee business expenses? (such as uniforms or mileage)
- 5. (B) Medical expenses? (including health insurance premiums)
- 6. (B) Home mortgage interest? (Form 1098)
- 7. (B) Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
- 8. (B) Charitable contributions?
- 9. (B) Child or dependent care expenses such as daycare?
- 10. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
- 11. (A) Expenses related to self-employment income or any other income you received?

**Part V – Life Events – Last Year, Did You (or Your Spouse)**

- 1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
- 2. (COD) Have debt from a mortgage or credit card cancelled/forgiven by a commercial lender? (Forms 1099-C, 1099-A)
- 3. (A) Buy, sell or have a foreclosure (COD) of your home? (Form 1099-A)
- 4. (B) Have Earned Income Credit (EIC) 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. (B) Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
- 7. (A) Receive the First Time Homebuyers Credit in 2008?
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- 9. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much? \_\_\_\_\_
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Check here if you, or your spouse if filing jointly, want \$3 to go to this fund  You  Spouse

**If you are due a refund, would you like**

Direct deposit?  Yes  No To purchase U.S. Savings Bonds?  Yes  No To split your refund between different accounts?  Yes  No

If you have a balance due, would you like to make a payment directly from your bank account?  Yes  No

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**Make an effort to find the answer**

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- Research publications (*i.e. Publication 17, Publication 4012, Publication 596, etc.*).
- Research [www.irs.gov](http://www.irs.gov) for your answer.
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1. Taxpayer (and Spouse's) **identity** verified with a photo ID.
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5. Names, **SSNs, ITINs, and EINs**, were verified and correctly transferred to the return.
6. **Filing status** was verified and correct.
7. **Personal and Dependency Exemptions** are entered correctly on the return.
8. All **Income** (*including income with or without source documents*) checked "yes" in part III was correctly transferred to the tax return.
9. **Adjustments** are correct.
10. **Standard, Additional or Itemized Deductions** are correct.
11. All **credits** are correctly reported.
12. **Withholding** shown on Forms W-2, 1099 and **Estimated Tax Payments** are correctly reported.
13. **Direct Deposit/Debit** and checking/saving account numbers are correct.
14. **SIDN** is correct on the return.
15. The taxpayer(s) was advised that they are **responsible** for the information on their return.

Certified Volunteer Preparer's name/initials (*optional*)

Certified Volunteer Quality Reviewer's name/initials (*optional*)



a Employee's social security number <b>259-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile		
b Employer identification number (EIN) <b>35-6XXXXXX</b>			1 Wages, tips, other compensation <b>39,000.00</b>		2 Federal income tax withheld <b>2,500.00</b>					
c Employer's name, address, and ZIP code <b>MARICOPA MEDICAL SERVICES 1270 WEST 29TH STREET YOUR CITY, STATE ZIP</b>			3 Social security wages <b>39,000.00</b>		4 Social security tax withheld <b>2,418.00</b>					
			5 Medicare wages and tips <b>39,000.00</b>		6 Medicare tax withheld <b>566.00</b>					
			7 Social security tips		8 Allocated tips					
d Control number			9		10 Dependent care benefits					
e Employee's first name and initial Last name Suff. <b>TERESA MARTIN 129 PENNINGTON PLACE YOUR CITY, STATE ZIP</b>			11 Nonqualified plans		12a See instructions for box 12					
			13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b					
			14 Other		12c					
					12d					
f Employee's address and ZIP code			15 State Employer's state ID number <b>YS 35-6XXXXXX</b>		16 State wages, tips, etc. <b>39,000.00</b>		17 State income tax <b>1,472.00</b>		18 Local wages, tips, etc.	
							19 Local income tax		20 Locality name	

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

**2013**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.

CORRECTED (if checked)

PAYER'S name, street address, city or town, province or state, country, ZIP, or foreign postal code, and telephone no. <b>STATE UNEMPLOYMENT COMMISSION 1000 GOVERNMENT PLAZA YOUR CITY, STATE ZIP</b>		1 Unemployment compensation <b>\$ 1,500.00</b>		OMB No. 1545-0120		<b>2013</b> Form 1099-G		<b>Certain Government Payments</b>	
PAYER'S federal identification number <b>35-7XXXXXX</b>		2 State or local income tax refunds, credits, or offsets <b>\$</b>							
RECIPIENT'S name <b>TERESA MARTIN</b>		3 Box 2 amount is for tax year		4 Federal income tax withheld <b>\$ 150.00</b>		<b>Copy B For Recipient</b> 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.			
Street address (including apt. no.) <b>129 PENNINGTON PLACE</b>		5 RTAA payments <b>\$</b>		6 Taxable grants <b>\$</b>					
City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		7 Agriculture payments <b>\$</b>		8 If checked, box 2 is trade or business income <input type="checkbox"/>					
Account number (see instructions)		9 Market gain <b>\$</b>							
		10a State		10b State identification no.		11 State income tax withheld <b>\$</b>			

Form **1099-G** (keep for your records) www.irs.gov/form1099g Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code <b>KENT COMPANY 401(K) 743 COLQUITT WAY YOUR CITY, STATE ZIP</b>		<b>1</b> Gross distribution \$ <b>1,300.00</b>	OMB No. 1545-0119 <b>2013</b>	<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>
		<b>2a</b> Taxable amount \$ <b>1,300.00</b>	Form <b>1099-R</b>	
PAYER'S federal identification number <b>38-2XXXXXX</b>		RECIPIENT'S identification number <b>259-XX-XXXX</b>	<b>2b</b> Taxable amount not determined <input type="checkbox"/>	<b>Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.</b>  This information is being furnished to the Internal Revenue Service.
RECIPIENT'S name <b>TERESA MARTIN</b>		<b>3</b> Capital gain (included in box 2a) \$	Total distribution <input type="checkbox"/>	
Street address (including apt. no.) <b>129 PENNINGTON PLACE</b>		<b>4</b> Federal income tax withheld \$ <b>260.00</b>	<b>5</b> Employee contributions /Designated Roth contributions or insurance premiums \$	
City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		<b>6</b> Net unrealized appreciation in employer's securities \$	<b>7</b> Distribution code(s) <b>1</b> IRA/SEP/SIMPLE <input type="checkbox"/>	
<b>10</b> Amount allocable to IRR within 5 years \$	<b>11</b> 1st year of desig. Roth contrib.	<b>8</b> Other \$ %	<b>9a</b> Your percentage of total distribution %	<b>9b</b> Total employee contributions \$
Account number (see instructions)		<b>12</b> State tax withheld \$	<b>13</b> State/Payer's state no.	<b>14</b> State distribution \$
		<b>15</b> Local tax withheld \$	<b>16</b> Name of locality	<b>17</b> Local distribution \$

Form **1099-R**

www.irs.gov/form1099r

Department of the Treasury - Internal Revenue Service

**Stone's Child Care**

303 Twiggs Trail  
Your City, Your State Your Zip

December 31, 2013

Received from Teresa Martin:

\$1,400 for after-school care for Audrey Martin.  
\$1,400 for after-school care for Mackenzie Martin.

\$2,800 Total Amount Received

Ellen Stone

EIN: 35-9XXXXXX

<b>Teresa Martin</b> 129 Pennington Place Your City, State 00000	<b>1234</b> 15-0000000000
20	
PAY TO THE ORDER OF _____	\$ _____
DOLLARS	
<b>Adelphi Bank and Trust</b> Anytown, State 00000	
For _____	
: 111000025 : 123456789 1234	



## Advanced Scenario 7: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

19. Which filing status is most advantageous to Teresa?
- a. Single
  - b. Head of Household
  - c. Married Filing Separately
  - d. Qualifying Widow with Dependent Child
20. Since Zack is disabled, he is Teresa's qualifying child for which of the following benefits?
- a. Exemption for a dependent
  - b. Child tax credit
  - c. Earned income credit
  - d. All of the above
21. What is Teresa's total federal income tax withholding? \$\_\_\_\_\_
22. What is the credit for child and dependent care expenses on Form 2441, line 11?
- a. \$294
  - b. \$560
  - c. \$588
  - d. \$616
23. Who can Teresa claim as qualifying child(ren) for the **child tax credit** in 2013?
- a. Audrey
  - b. Audrey and Mackenzie
  - c. Audrey, Mackenzie, and Zack
  - d. None of the children qualify
24. What is the amount of additional tax on IRAs, other qualified retirement plans, etc., from the Other Taxes section of Teresa's Form 1040, page 2? \$\_\_\_\_\_.

## Advanced Scenario 8: Elliot and Kathy Blackburn

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### Interview Notes

- Elliot retired from the local school district and began receiving retirement income in March 2013. No distributions were received before that. They selected a joint survivor annuity for these payments.
- Their 2012 tax return shows a long-term capital loss carryover available for 2013 of \$450.
- Elliot spent \$10 on bingo every week for a total of \$520.
- Elliot and Kathy want to file a joint return. They provided all of the support for their son Carter.





Form <b>13614-C</b> (October 2013)	Department of the Treasury - Internal Revenue Service <b>Intake/Interview &amp; Quality Review Sheet</b>	OMB Number 1545-1964
---------------------------------------	---	-------------------------

- You will need:**
- Tax Information such as Forms W-2, 1099, 1098.
  - Social security cards or ITIN letters for all persons on your tax return.
  - Picture ID (such as valid driver's license) for you and your spouse.
- Please complete pages 1-2 of this form.**
- You are responsible for the information on your return. Please provide complete and accurate information.
  - If you have questions, please ask the IRS certified volunteer preparer.

**Part I – Your Personal Information**

1. Your first name <b>ELLIOT</b>	M.I.	Last name <b>BLACKBURN</b>	Are you a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Your spouse's first name <b>KATHY</b>	M.I.	Last name <b>BLACKBURN</b>	Is your spouse a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing address <b>388 NOBLE CIRCLE</b>	Apt #	City <b>YOUR CITY</b>	State <b>YS</b> ZIP code <b>YOUR ZIP</b>
4. Contact information    Telephone number(s) <b>YOUR PHONE #</b> Email address <b>NONE</b>			
5. Your Date of Birth <b>01/11/1945</b>	6. Your job title <b>RETIRED</b>	7. Last year, were you: a. Full time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No    c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
8. Your spouse's Date of Birth <b>06/26/1961</b>	9. Your spouse's job title <b>CLERK</b>	10. Last year, was your spouse: a. Full time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No    c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
11. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure			
12. Have you or your spouse a. Been a victim of identity theft? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No    b. Adopted a child? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

**Part II – Marital Status and Household Information**

1. As of December 31 of last year, were you:     Single  
 Married    Did you live with your spouse during any part of the last six months of 2013?     Yes     No  
 Divorced or Legally Separated    Date of final decree or separate maintenance agreement \_\_\_\_\_  
 Widowed    Year of spouse's death \_\_\_\_\_

2. List the names below of:  
 • **everyone** who lived with you last year (other than you or your spouse)  
 • **anyone** you supported but did not live with you last year
- If additional space is needed check here  and list on page 4

										To be completed by Certified Volunteer Preparer				
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	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/13 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	Can this person be claimed by someone else as a dependent on their return? (yes/no)	Did this person provide more than 50% of their own support? (yes/no)	Did this person have more than \$3900 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)						
<b>CARTER BLACKBURN</b>	<b>02/03/95</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>NO</b>						

**Volunteers are trained to provide high quality service and uphold the highest ethical standards.**  
**To report unethical behavior to the IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205**

Yes No Unsure Check appropriate box for each question in each section

**Part III – Income – Last Year, Did You (or Your Spouse) Receive**

- 1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 1
- 2. (A) Tip Income?
- 3. (B) Scholarships? (Forms W-2, 1098-T)
- 4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
- 5. (B) Refund of state/local income taxes? (Form 1099-G)
- 6. (B) Alimony income?
- 7. (A) Self-Employment income? (Form 1099-MISC, cash)
- 8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
- 9. (A) Income (or loss) from the sale of Stocks, Bonds 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)
- 11. (A) Distribution from Pensions, Annuities, and/or IRA? (Form 1099-R)
- 12. (B) Unemployment compensation? (Form 1099-G)
- 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, Sch K-1, etc.) (Forms W-2G) Specify **Sch K-1, W2-G**

**Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay**

- 1. (B) Alimony? If yes, do you have the recipient's SSN?  Yes  No
- 2. Contributions to a retirement account? IRA (A) Roth IRA (B) 401K (B) Other
- 3. (B) Post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
- 4. (B) Unreimbursed employee business expenses? (such as uniforms or mileage)
- 5. (B) Medical expenses? (including health insurance premiums)
- 6. (B) Home mortgage interest? (Form 1098)
- 7. (B) Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
- 8. (B) Charitable contributions?
- 9. (B) Child or dependent care expenses such as daycare?
- 10. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
- 11. (A) Expenses related to self-employment income or any other income you received?

**Part V – Life Events – Last Year, Did You (or Your Spouse)**

- 1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
- 2. (COD) Have debt from a mortgage or credit card cancelled/forgiven by a commercial lender? (Forms 1099-C, 1099-A)
- 3. (A) Buy, sell or have a foreclosure (COD) of your home? (Form 1099-A)
- 4. (B) Have Earned Income Credit (EIC) 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. (B) Live in an area that was affected by a natural disaster? If yes, where?
- 7. (A) Receive the First Time Homebuyers Credit in 2008?
- 8. (B) Pay any student loan interest? (Form 1098-E)
- 9. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much?
- 10. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?

**Part VI – Additional Information and Questions Related to the Preparation of Your Return**

**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

**If you are due a refund, would you like**

- Direct deposit?  Yes  No To purchase U.S. Savings Bonds?  Yes  No To split your refund between different accounts?  Yes  No
- If you have a balance due, would you like to make a payment directly from your bank account?  Yes  No

Many free tax preparation sites operate by receiving grant money. The data from the following questions may be used by this site to apply for these grants. Your answers will be used only for statistical purposes.

Other than English, what language is spoken in your home? NONE  Prefer not to answer

Are you or a member of your household considered disabled?  Yes  No  Prefer not to answer



**IRS Certified Volunteer Preparers participating in the VITA and TCE programs must use a correct Intake/Interview process to prepare each return.**

**Before preparing the tax return:**

- Interview the taxpayer using probing questions to clarify information on this form and confirm the information provided by the taxpayer is complete and accurate.
- Correct any incomplete or inaccurate information on this form including all "Unsure" answers.
- Review all supporting documentation provided by the taxpayer. (*Forms W-2, 1099, payment receipts, etc.*)
- Use Publication 4012, Volunteer Resource Guide and Publication 17, Your Federal Income Tax to validate tax law determinations.

**VITA/TCE Preparers Due Diligence Requirements**

- All IRS certified volunteers must exercise due diligence. This means, as a volunteer, you must do your part when preparing or quality reviewing a tax return to ensure the information on the return is correct and complete.
- Doing your part includes: confirming a taxpayer's (*and spouse if applicable*) identity and providing top-quality service by helping them understand and meet their tax responsibilities.
- Generally, as an IRS certified volunteer, you can rely in good faith on information from a taxpayer. However, part of due diligence requires asking a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, you need to ask yourself if the information is unusual or questionable.

**Make an effort to find the answer**

**When in doubt:**

- Seek Assistance from the site coordinator or a certified volunteer preparer with more experience.
- Research publications (*i.e. Publication 17, Publication 4012, Publication 596, etc.*).
- Research [www.irs.gov](http://www.irs.gov) for your answer.
- Research the Interactive Tax Assistance (ITA) tool to address tax law qualifications.
- Contact the VITA Hotline (*see Publication 4012*).
- Advise taxpayers to seek assistance from a professional return preparer if you cannot address their tax law issue.

If at any time you are uncomfortable with the information and/or documentation provided by a taxpayer, you should not prepare the tax return.

**Part VII – IRS Certified Volunteer Quality Reviewer Section**

**Review the tax return with the taxpayer to promote accuracy.**

1. Taxpayer (and Spouse's) **identity** verified with a photo ID.
2. The volunteer return preparer/ quality reviewer are **certified** to prepare/review this return.
3. All **unsure** boxes were discussed with the taxpayer and correctly marked yes or no.
4. The **information** on pages one and two was correctly addressed and transferred to the return.
5. Names, **SSNs, ITINs, and EINs**, were verified and correctly transferred to the return.
6. **Filing status** was verified and correct.
7. **Personal and Dependency Exemptions** are entered correctly on the return.
8. All **Income** (*including income with or without source documents*) checked "yes" in part III was correctly transferred to the tax return.
9. **Adjustments** are correct.
10. **Standard, Additional or Itemized Deductions** are correct.
11. All **credits** are correctly reported.
12. **Withholding** shown on Forms W-2, 1099 and **Estimated Tax Payments** are correctly reported.
13. **Direct Deposit/Debit** and checking/saving account numbers are correct.
14. **SIDN** is correct on the return.
15. The taxpayer(s) was advised that they are **responsible** for the information on their return.

Certified Volunteer Preparer's name/initials (*optional*)

Certified Volunteer Quality Reviewer's name/initials (*optional*)

Additional comments

Horizontal lines for writing additional comments.

DRAFT

Additional Tax Preparer notes

Horizontal lines for writing additional tax preparer notes.


as of  
7-30-2013

**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

a Employee's social security number <b>310-XX-XXXX</b>		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile		
b Employer identification number (EIN) <b>40-0XXXXXX</b>		1 Wages, tips, other compensation <b>12,790.00</b>	2 Federal income tax withheld <b>500.00</b>			
c Employer's name, address, and ZIP code  <b>ITASCA CO 25 IMPERIAL LANE YOUR CITY, STATE ZIP</b>		3 Social security wages <b>12,790.00</b>	4 Social security tax withheld <b>792.98</b>			
		5 Medicare wages and tips <b>12,790.00</b>	6 Medicare tax withheld <b>185.46</b>			
		7 Social security tips	8 Allocated tips			
d Control number	9	10 Dependent care benefits				
e Employee's first name and initial Last name Suff.  <b>KATHY BLACKBURN 388 NOBLE CIRCLE YOUR CITY, STATE ZIP</b>		11 Nonqualified plans		12a See instructions for box 12		
		13 Statutory employee <input type="checkbox"/>	Retirement plan <input checked="" type="checkbox"/>	Third-party sick pay <input type="checkbox"/>	12b	
		14 Other		12c		12d
		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
<b>YS</b>	<b>34-5XXXXXX</b>	<b>12,790.00</b>	<b>127.90</b>			

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

**2013**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.

PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code  <b>HICKORY CORPORATION 1809 GULF DRIVE YOUR CITY, STATE ZIP</b>		1 Gross distribution <b>\$ 17,500.00</b>		OMB No. 1545-0119 <b>2013</b> Form <b>1099-R</b>		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.			
2a Taxable amount <b>\$</b>		2b Taxable amount not determined <input checked="" type="checkbox"/>		Total distribution <input type="checkbox"/>		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.  This information is being furnished to the Internal Revenue Service.			
PAYER'S federal identification number <b>40-1XXXXXX</b>	RECIPIENT'S identification number <b>316-XX-XXXX</b>	3 Capital gain (included in box 2a) <b>\$</b>	4 Federal income tax withheld <b>\$ 1,750.00</b>						
RECIPIENT'S name  <b>ELLIOT BLACKBURN</b>		5 Employee contributions /Designated Roth contributions or insurance premiums <b>\$</b>		6 Net unrealized appreciation in employer's securities <b>\$</b>					
Street address (including apt. no.)  <b>388 NOBLE CIRCLE</b>		7 Distribution code(s) <b>7</b>	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other <b>\$</b> %					
City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		9a Your percentage of total distribution %	9b Total employee contributions <b>\$ 12,500.00</b>						
10 Amount allocable to IRR within 5 years <b>\$</b>	11 1st year of desig. Roth contrib.	12 State tax withheld <b>\$</b>	13 State/Payer's state no.		14 State distribution <b>\$</b>				
Account number (see instructions) <b>\$</b>		15 Local tax withheld <b>\$</b>	16 Name of locality		17 Local distribution <b>\$</b>				

Form **1099-R**

www.irs.gov/form1099r

Department of the Treasury - Internal Revenue Service





**ABC INVESTMENTS**

456 Pima Plaza  
Your City, YS ZIP

**2013 TAX REPORTING STATEMENT**

**Elliot and Kathy Blackburn**  
388 Noble Circle  
Your City, YS ZIP  
Account No. 111-222  
Recipient ID No. 316-XX-XXXX  
Payer's Fed ID Number: 40-2XXXXXX

**Form 1099-DIV\* 2013 Dividends and Distributions**

Copy B for Recipient (OMB NO. 1545-0110)

1a	Total Ordinary Dividends .....	325.00
1b	Qualified Dividends .....	300.00
2a	Total Capital Gain Distributions (Includes 2b- 2d) .....	75.00
2b	Capital Gains that represent Unrecaptured 1250 Gain .....	0.00
2c	Capital Gains that represent Section 1202 Gain .....	0.00
2d	Capital Gains that represent Collectibles (28%) Gain .....	0.00
3	Nondividend Distributions .....	0.00
4	Federal Income Tax Withheld .....	0.00
5	Investment Expenses .....	0.00
6	Foreign Tax Paid .....	15.00
7	Foreign Country or U.S. Possession .....	0.00
8	Cash Liquidation Distributions .....	0.00
9	Non-Cash Liquidation Distributions .....	0.00
10	Exempt Interest Dividends .....	0.00
11	Specified Private Activity Bond Interest Dividends .....	0.00
12	State .....	
13	State Identification No. ....	
14	State Tax Withheld .....	0.00

**Form 1099-MISC\* 2013 Miscellaneous Income**

Copy B for Recipient (OMB NO. 1545-0115)

2	Royalties .....	0.00
4	Federal Income Tax Withheld .....	0.00
8	Substitute Payments in Lieu of Dividends or Interest .....	0.00
16	State Tax Withheld .....	0.00
17	State/ Payer's State No. ....	
18	State Income .....	0.00

**Form 1099-INT\* 2013 Interest Income**

Copy B for Recipient (OMB NO. 1545-0112)

1	Interest Income .....	95.00
2	Early Withdrawal Penalty .....	25.00
3	Interest on U.S. Savings Bonds and Treas. Obligations .....	0.00
4	Federal Income Tax Withheld .....	0.00
5	Investment Expenses .....	0.00
6	Foreign Tax Paid .....	0.00
7	Foreign Country or U.S. Possession .....	
8	Tax-Exempt Interest .....	0.00
9	Specified Private Activity Bond Interest .....	0.00
10	Tax-Exempt Bond CUSIP No. ....	

**Summary of 2013 Proceeds From Broker and Barter Exchange Transactions**

Sales Price of Stocks, Bonds, etc. ....	4,527.00
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.

**ABC INVESTMENTS**456 Pima Plaza  
Your City, YS ZIP**2013 TAX REPORTING STATEMENT****Elliot and Kathy Blackburn**  
388 Noble Circle  
Your City, YS ZIP  
Account No. 111-222  
Recipient ID No. 316-XX-XXXX  
Payer's Fed ID Number: 40-2XXXXXX**FORM 1099-B\* 2013 Proceeds from Broker and Barter Exchange Transactions**

Copy B for Recipient OMB NO. 1545-0715

**Short-term transactions for which basis is reported to the IRS**Report on Form 8949 with Box A checked and/or Schedule D, Part I  
(This Label is a Substitute for Boxes 1c & 6)**8 Description, 1d Stock or Other Symbol, CUSIP**

(IRS Form 1099-B box numbers are shown below in bold type)

Action	<b>1a</b> Date of Sale or Exchange	<b>1b</b> Date of Acquisition	<b>1e</b> Quantity Sold	<b>2a</b> Sales Price of Stocks, Bonds, etc. (a)	<b>3</b> Cost or Other Basis (b)	Gain / Loss (-)	<b>5</b> Wash Sale Loss Disallowed	<b>4</b> Federal Income Tax Withheld	<b>13</b> State	<b>15</b> State Tax Withheld
<b>Dakota Co. Common Stock</b>										
Sale	02/01/13	09/01/12	250.000	1,777.00	2,875.00	-1,098.00				
<b>TOTALS</b>				<b>1,777.00</b>	<b>2,875.00</b>					

**FORM 1099-B\* 2013 Proceeds from Broker and Barter Exchange Transactions**

Copy B for Recipient OMB NO. 1545-0715

**Long-term transactions for which basis is not reported to the IRS**Report on Form 8949 with Box E checked and/or Schedule D, Part II  
(This Label is a Substitute for Boxes 1c & 6)**8 Description, 1d Stock or Other Symbol, CUSIP**

(IRS Form 1099-B box numbers are shown below in bold type)

Action	<b>1a</b> Date of Sale or Exchange	<b>1b</b> Date of Acquisition	<b>1e</b> Quantity Sold	<b>2a</b> Sales Price of Stocks, Bonds, etc. (a)	<b>3</b> Cost or Other Basis (b)	Gain/ Loss (-)	<b>5</b> Wash Sale Loss Disallowed	<b>4</b> Federal Income Tax Withheld	<b>13</b> State	<b>15</b> State Tax Withheld
<b>Iowa Co. Common Stock</b>										
Sale	02/01/13	06/23/02	200.000	2,750.00	2,234.00	516.00				
<b>TOTALS</b>				<b>2,750.00</b>	<b>2,234.00</b>					

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.

**Schedule K-1  
(Form 1120S)**  
Department of the Treasury  
Internal Revenue Service

**2013**

For calendar year 2013, or tax  
year beginning \_\_\_\_\_, 2013  
ending \_\_\_\_\_, 20\_\_\_\_

Final K-1  Amended K-1 OMB No. 1545-0130

671113

**Shareholder's Share of Income, Deductions,  
Credits, etc.** ▶ See back of form and separate instructions.

<b>Part I Information About the Corporation</b>		<b>Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items</b>	
<b>A</b> Corporation's employer identification number <b>40-XXXXXX</b>		<b>1</b> Ordinary business income (loss)	<b>13</b> Credits
<b>B</b> Corporation's name, address, city, state, and ZIP code <b>ESSEX CORPORATION 300 MARIN STREET YOUR CITY, STATE ZIP</b>		<b>2</b> Net rental real estate income (loss)	
<b>C</b> IRS Center where corporation filed return		<b>3</b> Other net rental income (loss)	
<b>Part II Information About the Shareholder</b>		<b>4</b> Interest income	<b>50</b>
<b>D</b> Shareholder's identifying number <b>316-XX-XXXX</b>		<b>5a</b> Ordinary dividends	
<b>E</b> Shareholder's name, address, city, state, and ZIP code <b>ELLIOT BLACKBURN 388 NOBLE CIRCLE YOUR CITY, STATE ZIP</b>		<b>5b</b> Qualified dividends	<b>14</b> Foreign transactions
<b>F</b> Shareholder's percentage of stock ownership for tax year _____ %		<b>6</b> Royalties	<b>150</b>
		<b>7</b> Net short-term capital gain (loss)	
		<b>8a</b> Net long-term capital gain (loss)	
		<b>8b</b> Collectibles (28%) gain (loss)	
		<b>8c</b> Unrecaptured section 1250 gain	
		<b>9</b> Net section 1231 gain (loss)	
		<b>10</b> Other income (loss)	<b>15</b> Alternative minimum tax (AMT) items
		<b>11</b> Section 179 deduction	<b>16</b> Items affecting shareholder basis
		<b>12</b> Other deductions	
			<b>17</b> Other information
		* See attached statement for additional information.	

## Advanced Scenario 8: Test Questions

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### Directions

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

25. The total interest income shown on Line 8a of Form 1040 is \$\_\_\_\_\_.
26. Where on the tax return should the royalty income from Schedule K-1 (Form 1120S) appear?
- Form 1040, line 8a
  - Form 1040, line 12
  - Form 1040, line 17
  - Form 1040, line 21
27. What is the amount shown on Form 1040, Line 13 – Capital gain or loss?
- A loss of \$507
  - A loss of \$582
  - A loss of \$957
  - A loss of \$1,032
28. How much of the \$17,500 gross distribution reported on Form 1099-R is taxable in 2013? \$ \_\_\_\_\_.
29. Is Elliot's social security income taxable?
- No, because their total income is less than \$32,000.
  - No, social security benefits are never taxable.
  - Yes, a portion of the social security income is taxable.
  - Yes, all of the social security income is taxable.
30. How should Elliot report his bingo income?
- \$1,500 should be reported on Form 1040, line 21.
  - He does not need to report his winnings.
  - He subtracts his losses from winnings and reports \$980 on Form 1040, line 21.
  - He includes the W2-G amount on Form 1040, line 7.
31. What is the amount of the foreign tax credit on Form 1040, page 2? \$ \_\_\_\_\_.

- 32.** Are the Blackburns entitled to claim an earned income credit for 2013?
- a. No, because their investment income exceeds the amount allowed to claim the credit.
  - b. No, Elliot is over the age of 65.
  - c. No, Carter is not a qualifying child for purposes of the EIC.
  - d. Yes, they are eligible for the credit.

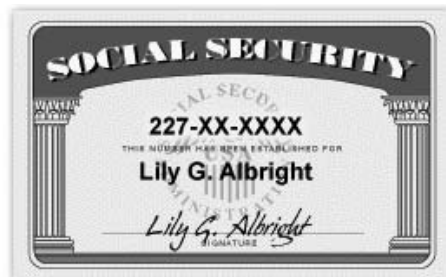


## Advanced Scenario 9: Lily Albright

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### Interview Notes

- Lily works as a receptionist during the week. She also is self-employed as a hair stylist on the weekends. She works at Pinky's Inc., where she rents a station. On Saturdays, she works at Pinky's in the morning and then drives to the senior center to do hair for the residents.
- Lily is a cash-basis taxpayer who materially participates in the operation of her business. Lily did not make any payments that would require her to file Form 1099. Lily uses business code 821112.
- She received Form 1099-MISC for \$7,800 from Pinky's, and had an additional \$3,000 cash income in tips and payments from the senior center.
- She has a written mileage log showing 4,024 miles for 2013:
  - 3,514 miles from home to work and return each day
  - 510 miles from Pinky's to the senior center
- The total mileage on her car for 2013 was 11,000 miles. She placed her car in service on January 6, 2006. She always takes the standard mileage rate. This is Lily's only car and it was available for personal use.
- Lily has records for other expenses relating to her business:
  - Hair stylist's station rental: \$2,400
  - Supplies: \$1,000
  - Car repair: \$475
  - Business liability insurance: \$450
  - Tolls paid on the way to the senior center: \$60
  - Business license: \$50
- Lily has a statement from her church stating she donated \$1,040 in 2013.
- Lily has receipts for an eye exam for \$80 and prescription contact lenses for \$300.
- Lily will use state and local income tax instead of state sales tax on Schedule A.
- Lily's school loan was for qualified education expenses at an eligible institution.
- Lily has never taken a distribution from a retirement account and she was not a full-time student during 2013.



Form <b>13614-C</b> (October 2013)	Department of the Treasury - Internal Revenue Service <b>Intake/Interview &amp; Quality Review Sheet</b>	OMB Number 1545-1964
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- You will need:**
- Tax Information such as Forms W-2, 1099, 1098.
  - Social security cards or ITIN letters for all persons on your tax return.
  - Picture ID (such as valid driver's license) for you and your spouse.
- Please complete pages 1-2 of this form.**
- You are responsible for the information on your return. Please provide complete and accurate information.
  - If you have questions, please ask the IRS certified volunteer preparer.

**Part I – Your Personal Information**

1. Your first name <b>LILY</b>	M.I. <b>M</b>	Last name <b>ALBRIGHT</b>	Are you a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Your spouse's first name	M.I.	Last name	Is your spouse a U.S. citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing address <b>1551 CONCORD CIRCLE</b>	Apt #	City <b>YOUR CITY</b>	State <b>YS</b> ZIP code <b>YOUR ZIP</b>
4. Contact information    Telephone number(s) <b>YOUR PHONE #</b> Email address <b>NONE</b>			
5. Your Date of Birth <b>11/22/1981</b>	6. Your job title <b>RECEPTIONIST</b>	7. Last year, were you: a. Full time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No    c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
8. Your spouse's Date of Birth	9. Your spouse's job title	10. Last year, was your spouse: a. Full time student <input type="checkbox"/> Yes <input type="checkbox"/> No b. Totally and permanently disabled <input type="checkbox"/> Yes <input type="checkbox"/> No    c. Legally blind <input type="checkbox"/> Yes <input type="checkbox"/> No	
11. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure			
12. Have you or your spouse a. Been a victim of identity theft? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No    b. Adopted a child? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

**Part II – Marital Status and Household Information**

1. As of December 31 of last year, were you:     Single  
 Married    Did you live with your spouse during any part of the last six months of 2013?     Yes     No  
 Divorced or Legally Separated    Date of final decree or separate maintenance agreement    **10/28/2008**  
 Widowed    Year of spouse's death \_\_\_\_\_

2. List the names below of:  
 • **everyone** who lived with you last year (other than you or your spouse)  
 • **anyone** you supported but did not live with you last year
- If additional space is needed check here  and list on page 4

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	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/13 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	Can this person be claimed by someone else as a dependent on their return? (yes/no)	Did this person provide more than 50% of their own support? (yes/no)	Did this person have more than \$3900 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)					

**Volunteers are trained to provide high quality service and uphold the highest ethical standards.  
 To report unethical behavior to the IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205**

Yes No Unsure Check appropriate box for each question in each section

**Part III – Income – Last Year, Did You (or Your Spouse) Receive**

- 1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 1
- 2. (A) Tip Income?
- 3. (B) Scholarships? (Forms W-2, 1098-T)
- 4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
- 5. (B) Refund of state/local income taxes? (Form 1099-G)
- 6. (B) Alimony income?
- 7. (A) Self-Employment income? (Form 1099-MISC, cash)
- 8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
- 9. (A) Income (or loss) from the sale of Stocks, Bonds 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)
- 11. (A) Distribution from Pensions, Annuities, and/or IRA? (Form 1099-R)
- 12. (B) Unemployment compensation? (Form 1099-G)
- 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, Sch K-1, etc.) (Forms W-2G) Specify \_\_\_\_\_

**Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay**

- 1. (B) Alimony? If yes, do you have the recipient's SSN?  Yes  No
- 2. Contributions to a retirement account? IRA (A) Roth IRA (B)  401K (B) \_\_\_\_\_ Other
- 3. (B) Post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
- 4. (B) Unreimbursed employee business expenses? (such as uniforms or mileage)
- 5. (B) Medical expenses? (including health insurance premiums)
- 6. (B) Home mortgage interest? (Form 1098)
- 7. (B) Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
- 8. (B) Charitable contributions?
- 9. (B) Child or dependent care expenses such as daycare?
- 10. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
- 11. (A) Expenses related to self-employment income or any other income you received?

**Part V – Life Events – Last Year, Did You (or Your Spouse)**

- 1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
- 2. (COD) Have debt from a mortgage or credit card cancelled/forgiven by a commercial lender? (Forms 1099-C, 1099-A)
- 3. (A) Buy, sell or have a foreclosure (COD) of your home? (Form 1099-A)
- 4. (B) Have Earned Income Credit (EIC) 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. (B) Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
- 7. (A) Receive the First Time Homebuyers Credit in 2008?
- 8. (B) Pay any student loan interest? (Form 1098-E)
- 9. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much? \_\_\_\_\_
- 10. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?

**Part VI – Additional Information and Questions Related to the Preparation of Your Return**

**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

**If you are due a refund, would you like**

Direct deposit?  Yes  No To purchase U.S. Savings Bonds?  Yes  No To split your refund between different accounts?  Yes  No

If you have a balance due, would you like to make a payment directly from your bank account?  Yes  No

Many free tax preparation sites operate by receiving grant money. The data from the following questions may be used by this site to apply for these grants. Your answers will be used only for statistical purposes.

Other than English, what language is spoken in your home? NONE  Prefer not to answer

Are you or a member of your household considered disabled?  Yes  No  Prefer not to answer



**IRS Certified Volunteer Preparers participating in the VITA and TCE programs must use a correct Intake/Interview process to prepare each return.**

**Before preparing the tax return:**

- Interview the taxpayer using probing questions to clarify information on this form and confirm the information provided by the taxpayer is complete and accurate.
- Correct any incomplete or inaccurate information on this form including all "Unsure" answers.
- Review all supporting documentation provided by the taxpayer. (*Forms W-2, 1099, payment receipts, etc.*)
- Use Publication 4012, Volunteer Resource Guide and Publication 17, Your Federal Income Tax to validate tax law determinations.

**VITA/TCE Preparers Due Diligence Requirements**

- All IRS certified volunteers must exercise due diligence. This means, as a volunteer, you must do your part when preparing or quality reviewing a tax return to ensure the information on the return is correct and complete.
- Doing your part includes: confirming a taxpayer's (*and spouse if applicable*) identity and providing top-quality service by helping them understand and meet their tax responsibilities.
- Generally, as an IRS certified volunteer, you can rely in good faith on information from a taxpayer. However, part of due diligence requires asking a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, you need to ask yourself if the information is unusual or questionable.

**Make an effort to find the answer**

**When in doubt:**

- Seek Assistance from the site coordinator or a certified volunteer preparer with more experience.
- Research publications (*i.e. Publication 17, Publication 4012, Publication 596, etc.*).
- Research [www.irs.gov](http://www.irs.gov) for your answer.
- Research the Interactive Tax Assistance (ITA) tool to address tax law qualifications.
- Contact the VITA Hotline (*see Publication 4012*).
- Advise taxpayers to seek assistance from a professional return preparer if you cannot address their tax law issue.

If at any time you are uncomfortable with the information and/or documentation provided by a taxpayer, you should not prepare the tax return.

<b>Part VII – IRS Certified Volunteer Quality Reviewer Section</b>
<b>Review the tax return with the taxpayer to promote accuracy.</b>
1. Taxpayer (and Spouse's) <b>identity</b> verified with a photo ID.
2. The volunteer return preparer/ quality reviewer are <b>certified</b> to prepare/review this return.
3. All <b>unsure</b> boxes were discussed with the taxpayer and correctly marked yes or no.
4. The <b>information</b> on pages one and two was correctly addressed and transferred to the return.
5. Names, <b>SSNs, ITINs, and EINs</b> , were verified and correctly transferred to the return.
6. <b>Filing status</b> was verified and correct.
7. <b>Personal and Dependency Exemptions</b> are entered correctly on the return.
8. All <b>Income</b> ( <i>including income with or without source documents</i> ) checked "yes" in part III was correctly transferred to the tax return.
9. <b>Adjustments</b> are correct.
10. <b>Standard, Additional or Itemized Deductions</b> are correct.
11. All <b>credits</b> are correctly reported.
12. <b>Withholding</b> shown on Forms W-2, 1099 and <b>Estimated Tax Payments</b> are correctly reported.
13. <b>Direct Deposit/Debit</b> and checking/saving account numbers are correct.
14. <b>SIDN</b> is correct on the return.
15. The taxpayer(s) was advised that they are <b>responsible</b> for the information on their return.

Certified Volunteer Preparer's name/initials (*optional*)

Certified Volunteer Quality Reviewer's name/initials (*optional*)

Additional comments

Horizontal lines for writing additional comments.

DRAFT

Additional Tax Preparer notes

Horizontal lines for writing additional tax preparer notes.

as of  
7-30-2013

**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. 10-2013)



a Employee's social security number <b>227-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile					
b Employer identification number (EIN) <b>37-5XXXXXX</b>		1 Wages, tips, other compensation <b>19,000.00</b>		2 Federal income tax withheld <b>1,300.00</b>									
c Employer's name, address, and ZIP code <b>PACE CONSTRUCTION 3604 FORREST TRAIL YOUR CITY, STATE ZIP</b>		3 Social security wages <b>20,200.00</b>		4 Social security tax withheld <b>1,252.40</b>									
		5 Medicare wages and tips <b>20,200.00</b>		6 Medicare tax withheld <b>292.90</b>									
		7 Social security tips		8 Allocated tips									
d Control number		9		10 Dependent care benefits									
e Employee's first name and initial Last name Suff. <b>LILY ALBRIGHT 1551 CONCORD CIRCLE YOUR CITY, STATE ZIP</b>		11 Nonqualified plans		12a See instructions for box 12 <b>D</b>   <b>1,200.00</b>									
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b									
		14 Other		12c									
				12d									
f Employee's address and ZIP code		15 State Employer's state ID number <b>YS</b>   <b>37-5XXXXXX</b>		16 State wages, tips, etc. <b>19,000.00</b>		17 State income tax <b>1,200.00</b>		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

Form **W-2** Wage and Tax Statement **2013** Department of the Treasury—Internal Revenue Service  
 Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
 This information is being furnished to the Internal Revenue Service.

CORRECTED (if checked)

RECIPIENT'S/LENDER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone number <b>FORSYTH MORTGAGE COMPANY 9800 SONOMA WAY YOUR CITY, STATE ZIP</b>		* Caution: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.		OMB No. 1545-0901 <b>2013</b> Form 1098		<b>Mortgage Interest Statement</b>	
RECIPIENT'S federal identification no. <b>37-6XXXXXX</b>	PAYER'S social security number <b>227-XX-XXXX</b>	1 Mortgage interest received from payer(s)/borrower(s)* <b>\$ 5,252.00</b>		<b>Copy B For Payer/Borrower</b>			
PAYER'S/BORROWER'S name <b>LILY ALBRIGHT</b>		2 Points paid on purchase of principal residence <b>\$</b>		The information in boxes 1, 2, 3, and 4 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 the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report this refund of interest on your return.			
Street address (including apt. no.) <b>1551 CONCORD CIRCLE</b>		3 Refund of overpaid interest <b>\$</b>					
City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		4 Mortgage insurance premiums <b>\$</b>					
Account number (see instructions)		5 <b>Real Estate Tax: \$954</b>					

Form 1098 (keep for your records) www.irs.gov/form1098 Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

RECIPIENT'S/LENDER'S name, address, city or town, province or state, country, ZIP or foreign postal code, and telephone number  <b>FINANCIAL AID PARTNERS</b> <b>666 LINCOLN</b> <b>YOUR CITY, STATE ZIP</b>		OMB No. 1545-1576  <b>2013</b>  Form 1098-E	<b>Student Loan Interest Statement</b>  <b>Copy B For Borrower</b>  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 the IRS determines that an underpayment of tax results because you overstated a deduction for student loan interest.
RECIPIENT'S federal identification no. <b>38-9XXXXXX</b>	BORROWER'S social security number <b>227-XX-XXXX</b>	1 Student loan interest received by lender <b>\$ 2,745.00</b>	
BORROWER'S name <b>LILY G ALBRIGHT</b>  Street address (including apt. no.) <b>1551 CONCORD CIRCLE</b>  City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>  Account number (see instructions)		2 If checked, box 1 does not include loan origination fees and/or capitalized interest for loans made before September 1, 2004 <input type="checkbox"/>	
Form 1098-E (keep for your records)		www.irs.gov/form1098e	Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone no.  <b>PINKY'S</b> <b>8009 PIKE CIR</b> <b>YOUR CITY, STATE ZIP</b>		OMB No. 1545-0115  <b>2013</b>  Form 1099-MISC	<b>Miscellaneous Income</b>  <b>Copy B For Recipient</b>  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.	
PAYER'S federal identification number <b>38-7XXXXXX</b>	RECIPIENT'S identification number <b>227-XX-XXXX</b>	1 Rents \$ 2 Royalties \$ 3 Other income \$		
RECIPIENT'S name <b>LILY ALBRIGHT</b>  Street address (including apt. no.) <b>1551 CONCORD CIRCLE</b>  City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>  Account number (see instructions)		4 Federal income tax withheld \$ 5 Fishing boat proceeds \$ 6 Medical and health care payments \$ 7 Nonemployee compensation <b>\$ 7,800.00</b> 8 Substitute payments in lieu of dividends or interest \$ 9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/> \$ 10 Crop insurance proceeds \$ 11 Foreign tax paid \$ 12 Foreign country or U.S. possession \$ 13 Excess golden parachute payments \$ 14 Gross proceeds paid to an attorney \$		
15a Section 409A deferrals \$	15b Section 409A income \$	16 State tax withheld \$	17 State/Payer's state no. \$	18 State income \$
Form 1099-MISC (keep for your records)		www.irs.gov/form1099misc	Department of the Treasury - Internal Revenue Service	

## Advanced Scenario 9: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

- 33.** Where should Lily's cash income be reported?
- a. Form 1040, Line 7
  - b. Schedule C-EZ or C
  - c. Form 1040, Line 21
  - d. Cash income does not have to be reported
- 34.** What is Lily's mileage expense deduction (at the standard mileage rate) for her hair stylist business?
- a. \$0
  - b. \$288
  - c. \$1,985
  - d. \$2,274
- 35.** Which item cannot be deducted by Lily as a business expense?
- a. Car repairs
  - b. Business liability insurance
  - c. Tolls to get to the senior center
  - d. Business license
- 36.** How does Lily's self-employment tax affect her tax return?
- a. Lily's self-employment tax is not reported anywhere on Form 1040.
  - b. A portion of the amount is deducted as a business expense.
  - c. The self-employment tax is shown on Form 1040, Other Taxes section, and the full amount is deducted on Schedule A, Taxes You Paid section.
  - d. The self-employment tax is shown on Form 1040, Other Taxes section, and the deductible part is an adjustment on Form 1040, page 1.

- 37.** What is the amount Lily can take as a student loan interest deduction?
- a. \$0
  - b. \$1,373
  - c. \$2,500
  - d. \$2,745
- 38.** What are Lily's total itemized deductions on Schedule A, line 29?
- a. \$7,246
  - b. \$7,406
  - c. \$7,492
  - d. \$8,446
- 39.** The amount of Lily's retirement savings contributions credit in the Tax and Credits section of Form 1040 is \$120.
- a. True
  - b. False
- 40.** To avoid having a balance due next year, Lily can make estimated tax payments.
- a. True
  - b. False







## 2013 6744 Test – Military Course

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### Directions

The first two 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: Parker and Charlotte Mitchell

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#### Interview Notes

- Parker and Charlotte live in Denver, Colorado, where Parker joined the Air Force. He finished his training and will be stationed in Tucson, Arizona, for two years. This is a permanent change of station (PCS).
- They decided to make a Do It Yourself (DITY) move and save money.
- Charlotte spent a weekend in May in Tucson looking for an apartment they could rent. She spent \$745 on round-trip airfare, hotel and a rental car.
- On June 4, Parker and Charlotte packed all their belongings and began driving from Denver to Tucson. On the way, they made a side trip to the Grand Canyon to see the sights. Their trip took a total of six days and five nights instead of the authorized two days and one night.
- Their move was estimated to cost \$5,500, and the Air Force provided \$5,225 in advance.
- The Mitchells drove a total of 1,116 miles. The shortest, most direct route from Denver to Tucson is 900 miles. Their cost for the moving truck was \$2,500. Their cost for lodging was \$77 per night, which is considered a reasonable expense. Parker and Charlotte spent \$525 on food during the trip.
- Parker and Charlotte are U.S. citizens and have valid social security numbers.

### Military Scenario 1: Test Questions

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1. How much can Parker and Charlotte claim for qualified lodging expenses?
  - a. \$0
  - b. \$77
  - c. \$154
  - d. \$385
2. How many miles can Parker and Charlotte claim as qualified moving expense?  
\_\_\_\_\_.

3. How much of their food expenses can Parker and Charlotte claim as qualified moving expenses?
  - a. \$0
  - b. \$88
  - c. \$175
  - d. \$525
  
4. Charlotte's May trip to locate an apartment is **not** a qualified moving expense.
  - a. True
  - b. False
  
5. Parker and Charlotte's net financial profit on the move will be reported on a Form W-2.
  - a. True
  - b. False

## Military Scenario 2: Emmett and Veronica Russell

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### Interview Notes

- Emmett and Veronica came to the site to file a tax return.
- The Russells are married and have two children, ages 5 and 7, who lived with Veronica all year.
- Emmett and Veronica and their two children are all U.S. citizens and have valid social security numbers.
- Emmett was deployed to Afghanistan on December 10, 2011. His last day in the combat zone was January 31, 2014.
- Emmett earned \$25,000. His Form W-2 shows \$25,000, Code Q in box 12a.
- Veronica's only income was \$6,000 in wages.

### Military Scenario 2: Test Questions

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6. Since Emmett was deployed all of 2013, Emmett and Veronica ask what filing status they should use. What is your response?
  - a. Veronica and Emmett can each choose to file as Single, if they want.
  - b. Veronica and Emmett can file Married Filing Jointly because they will get a larger refund than if they filed Married Filing Separately.
  - c. Veronica can file as Head of Household because Emmett was deployed all year and had no taxable income.
  - d. Veronica and Emmett can each file as Head of Household because they have two children.
7. The amount of wages on Form 1040, line 7 is \$\_\_\_\_\_.
8. The Russells could include combat pay as earned income for purposes of calculating EIC, if it results in a higher credit.
  - a. True
  - b. False
9. The couple did not file their 2012 tax return because Emmett was deployed. It may take them a while to locate all their prior year records. Emmett and Veronica want to know how long they have to file their 2012 tax return. You tell them:
  - a. Because Veronica was in the U.S. during 2012, their 2012 return was due on April 15, 2013. They will be penalized for filing late.
  - b. Their 2012 return is due on April 15, 2014 because all unfiled returns are due on the next tax filing deadline after returning from a combat zone.
  - c. Their 2012 return is due July 30, 2014 (180 days from Emmett's last day in the combat zone).
  - d. Their 2012 return is due November 12, 2014 (180 days from Emmett's last day in the combat zone, plus the 105 days of the 2013 filing season that remained when Emmett entered the combat zone).

## Military Scenario 3: Gregory and Madeline Colbert

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### Interview Notes

- Gregory and Madeline want to file a joint return.
- Madeline works in retail and is a member of the Army Reserve.
- Madeline attended Army Reserve training sessions one weekend per month. The training takes place over 100 miles away from home. She incurred the following expenses that were not reimbursed:
  - Drove 3,200 miles based on written records
  - Madeline and Gregory own two vehicles and both are available for personal use
  - Total mileage in 2013 for Madeline's car was 12,000 miles. Her car was placed in service 7/1/2010.
  - \$636 for lodging (within federal per diem rate for the area)
  - \$588 for meals (within federal per diem rate for the area)
  - \$175 for required uniforms, permitted to be worn while off-duty
- Madeline owns rental property, which she placed into service in 2004.
  - Rental property: Madeline is an active participant
    - Single family residence, 1000 Sunflower Street, Your City, Your State
    - Purchased property: 04/30/2004
    - Rented: 1/1/2013–12/31/2013
    - Annual rental income: \$9,600
    - Insurance: \$700
    - Management fees: \$600
    - Plumbing repairs: \$500 (Madeline did repairs herself. She spent \$400 for materials and \$100 is an estimate of what a plumber would have charged for labor.)
    - Real property tax: \$1,300
    - Depreciation: \$2,000
    - Madeline did not make any payments that would require her to file Form 1099
- Gregory and Madeline did not itemize last year and do not have enough deductions to itemize this year.



**You will need:**

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

• Please complete pages 1-2 of this form.

- You are responsible for the information on your return. Please provide complete and accurate information.
- If you have questions, please ask the IRS certified volunteer preparer.

**Part I – Your Personal Information**

1. Your first name <b>GREGORY</b>		M.I.	Last name <b>COLBERT</b>		Are you a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Your spouse's first name <b>MADLINE</b>		M.I.	Last name <b>COLBERT</b>		Is your spouse a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing address <b>723 CARVER RD</b>			Apt #	City <b>YOUR CITY</b>	State <b>YS</b>	ZIP code <b>YOUR ZIP</b>
4. Contact information Telephone number(s) <b>YOUR PHONE #</b>		Email address <b>NONE</b>				
5. Your Date of Birth <b>05/09/1953</b>		6. Your job title <b>RETIRED</b>		7. Last year, were you:		a. Full time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
				b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
8. Your spouse's Date of Birth <b>08/02/1966</b>		9. Your spouse's job title <b>RETAIL SALES</b>		10. Last year, was your spouse:		a. Full time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
				b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
11. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure						
12. Have you or your spouse a. Been a victim of identity theft? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No b. Adopted a child? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No						

**Part II – Marital Status and Household Information**

1. As of December 31 of last year, were you:  Single  
 Married Did you live with your spouse during any part of the last six months of 2013?  Yes  No  
 Divorced or Legally Separated Date of final decree or separate maintenance agreement \_\_\_\_\_  
 Widowed Year of spouse's death \_\_\_\_\_

2. List the names below of:  
 • **everyone** who lived with you last year (other than you or your spouse)  
 • **anyone** you supported but did not live with you last year

If additional space is needed check here  and list on page 4

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	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/13 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	To be completed by Certified Volunteer Preparer				
									Can this person be claimed by someone else as a dependent on their return? (yes/no)	Did this person provide more than 50% of their own support? (yes/no)	Did this person have more than \$3900 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)					

**Volunteers are trained to provide high quality service and uphold the highest ethical standards.  
 To report unethical behavior to the IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205**



Yes No Unsure Check appropriate box for each question in each section

**Part III – Income – Last Year, Did You (or Your Spouse) Receive**

- 1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 2
- 2. (A) Tip Income?
- 3. (B) Scholarships? (Forms W-2, 1098-T)
- 4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
- 5. (B) Refund of state/local income taxes? (Form 1099-G)
- 6. (B) Alimony income?
- 7. (A) Self-Employment income? (Form 1099-MISC, cash)
- 8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
- 9. (A) Income (or loss) from the sale of Stocks, Bonds 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)
- 11. (A) Distribution from Pensions, Annuities, and/or IRA? (Form 1099-R)
- 12. (B) Unemployment compensation? (Form 1099-G)
- 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, Sch K-1, etc.) (Forms W-2G) Specify \_\_\_\_\_

**Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay**

- 1. (B) Alimony? If yes, do you have the recipient's SSN?  Yes  No
- 2. Contributions to a retirement account? \_\_\_\_\_ IRA (A) \_\_\_\_\_ Roth IRA (B) \_\_\_\_\_ 401K (B) \_\_\_\_\_ Other
- 3. (B) Post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
- 4. (B) Unreimbursed employee business expenses? (such as uniforms or mileage)
- 5. (B) Medical expenses? (including health insurance premiums)
- 6. (B) Home mortgage interest? (Form 1098)
- 7. (B) Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
- 8. (B) Charitable contributions?
- 9. (B) Child or dependent care expenses such as daycare?
- 10. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
- 11. (A) Expenses related to self-employment income or any other income you received?

**Part V – Life Events – Last Year, Did You (or Your Spouse)**

- 1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
- 2. (COD) Have debt from a mortgage or credit card cancelled/forgiven by a commercial lender? (Forms 1099-C, 1099-A)
- 3. (A) Buy, sell or have a foreclosure (COD) of your home? (Form 1099-A)
- 4. (B) Have Earned Income Credit (EIC) 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. (B) Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
- 7. (A) Receive the First Time Homebuyers Credit in 2008?
- 8. (B) Pay any student loan interest? (Form 1098-E)
- 9. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much? \_\_\_\_\_
- 10. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?

**Part VI – Additional Information and Questions Related to the Preparation of Your Return**

**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

**If you are due a refund, would you like**

Direct deposit?  Yes  No To purchase U.S. Savings Bonds?  Yes  No To split your refund between different accounts?  Yes  No

If you have a balance due, would you like to make a payment directly from your bank account?  Yes  No

Many free tax preparation sites operate by receiving grant money. The data from the following questions may be used by this site to apply for these grants. Your answers will be used only for statistical purposes.

Other than English, what language is spoken in your home? NONE  Prefer not to answer

Are you or a member of your household considered disabled?  Yes  No  Prefer not to answer

**IRS Certified Volunteer Preparers participating in the VITA and TCE programs must use a correct Intake/Interview process to prepare each return.**

**Before preparing the tax return:**

- Interview the taxpayer using probing questions to clarify information on this form and confirm the information provided by the taxpayer is complete and accurate.
- Correct any incomplete or inaccurate information on this form including all "Unsure" answers.
- Review all supporting documentation provided by the taxpayer. (*Forms W-2, 1099, payment receipts, etc.*)
- Use Publication 4012, Volunteer Resource Guide and Publication 17, Your Federal Income Tax to validate tax law determinations.

**VITA/TCE Preparers Due Diligence Requirements**

- All IRS certified volunteers must exercise due diligence. This means, as a volunteer, you must do your part when preparing or quality reviewing a tax return to ensure the information on the return is correct and complete.
- Doing your part includes: confirming a taxpayer's (*and spouse if applicable*) identity and providing top-quality service by helping them understand and meet their tax responsibilities.
- Generally, as an IRS certified volunteer, you can rely in good faith on information from a taxpayer. However, part of due diligence requires asking a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, you need to ask yourself if the information is unusual or questionable.

**Make an effort to find the answer**

**When in doubt:**

- Seek Assistance from the site coordinator or a certified volunteer preparer with more experience.
- Research publications (*i.e. Publication 17, Publication 4012, Publication 596, etc.*).
- Research [www.irs.gov](http://www.irs.gov) for your answer.
- Research the Interactive Tax Assistance (ITA) tool to address tax law qualifications.
- Contact the VITA Hotline (*see Publication 4012*).
- Advise taxpayers to seek assistance from a professional return preparer if you cannot address their tax law issue.

If at any time you are uncomfortable with the information and/or documentation provided by a taxpayer, you should not prepare the tax return.

**Part VII – IRS Certified Volunteer Quality Reviewer Section**

**Review the tax return with the taxpayer to promote accuracy.**

1. Taxpayer (and Spouse's) **identity** verified with a photo ID.
2. The volunteer return preparer/ quality reviewer are **certified** to prepare/review this return.
3. All **unsure** boxes were discussed with the taxpayer and correctly marked yes or no.
4. The **information** on pages one and two was correctly addressed and transferred to the return.
5. Names, **SSNs**, **ITINs**, and **EINs**, were verified and correctly transferred to the return.
6. **Filing status** was verified and correct.
7. **Personal and Dependency Exemptions** are entered correctly on the return.
8. All **Income** (*including income with or without source documents*) checked "yes" in part III was correctly transferred to the tax return.
9. **Adjustments** are correct.
10. **Standard, Additional or Itemized Deductions** are correct.
11. All **credits** are correctly reported.
12. **Withholding** shown on Forms W-2, 1099 and **Estimated Tax Payments** are correctly reported.
13. **Direct Deposit/Debit** and checking/saving account numbers are correct.
14. **SIDN** is correct on the return.
15. The taxpayer(s) was advised that they are **responsible** for the information on their return.

Certified Volunteer Preparer's name/initials (*optional*)

Certified Volunteer Quality Reviewer's name/initials (*optional*)

Additional comments

Lined area for additional comments.

DRAFT

Additional Tax Preparer notes

Lined area for additional tax preparer notes.

as of

7-30-2013


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



a Employee's social security number <b>410-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>40-5XXXXXX</b>				1 Wages, tips, other compensation <b>22,300.00</b>		2 Federal income tax withheld <b>3,345.00</b>			
c Employer's name, address, and ZIP code <b>REDWOOD DEPARTMENT STORE 5330 PORTER YOUR CITY, STATE ZIP</b>				3 Social security wages <b>22,300.00</b>		4 Social security tax withheld <b>1,382.60</b>			
				5 Medicare wages and tips <b>22,300.00</b>		6 Medicare tax withheld <b>323.35</b>			
				7 Social security tips		8 Allocated tips			
d Control number				9		10 Dependent care benefits			
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a See instructions for box 12	
<b>MADLINE V. COLBERT 723 CARVER RD YOUR CITY, STATE ZIP</b>						13 Statutory employee Retirement plan Third-party sick pay		12b	
						<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12c	
						14 Other		12d	
f Employee's address and ZIP code				15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax	
<b>YS</b>		<b>40-5XXXXXX</b>		<b>22,300.00</b>		<b>892.00</b>			
				18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

Form **W-2 Wage and Tax Statement** **2013** Department of the Treasury—Internal Revenue Service  
 Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
 This information is being furnished to the Internal Revenue Service.

a Employee's social security number <b>410-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>40-6XXXXXX</b>				1 Wages, tips, other compensation <b>5,322.00</b>		2 Federal income tax withheld <b>532.00</b>			
c Employer's name, address, and ZIP code <b>DFAS P.O. BOX 9999 IOWA CITY, IOWA 52240</b>				3 Social security wages <b>5,322.00</b>		4 Social security tax withheld <b>329.96</b>			
				5 Medicare wages and tips <b>5,322.00</b>		6 Medicare tax withheld <b>77.17</b>			
				7 Social security tips		8 Allocated tips			
d Control number				9		10 Dependent care benefits			
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a See instructions for box 12	
<b>MADLINE V. COLBERT 723 CARVER RD YOUR CITY, STATE ZIP</b>						13 Statutory employee Retirement plan Third-party sick pay		12b	
						<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12c	
						14 Other		12d	
f Employee's address and ZIP code				15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax	
<b>YS</b>		<b>40-6XXXXXX</b>		<b>5,322.00</b>		<b>266.00</b>			
				18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

Form **W-2 Wage and Tax Statement** **2013** Department of the Treasury—Internal Revenue Service  
 Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
 This information is being furnished to the Internal Revenue Service.

CORRECTED (if checked)

PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code <b>EATON INC</b> <b>941 FREMONT AVENUE</b> <b>YOUR CITY, STATE ZIP</b>		<b>1</b> Gross distribution <b>\$ 12,000.00</b> <b>2a</b> Taxable amount <b>\$ 12,000.00</b>	OMB No. 1545-0119 <b>2013</b> Form <b>1099-R</b>	<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>	
PAYER'S federal identification number <b>40-7XXXXXX</b>	RECIPIENT'S identification number <b>544-XX-XXXX</b>	<b>2b</b> Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>	<b>Copy B</b> <b>Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.</b>	
RECIPIENT'S name <b>GREGORY COLBERT</b> Street address (including apt. no.) <b>723 CARVER RD</b> City or town, province or state, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		<b>3</b> Capital gain (included in box 2a) \$	<b>4</b> Federal income tax withheld <b>\$ 1,200.00</b>	This information is being furnished to the Internal Revenue Service.	
		<b>5</b> Employee contributions / Designated Roth contributions or insurance premiums \$	<b>6</b> Net unrealized appreciation in employer's securities \$		
		<b>7</b> Distribution code(s) <b>7</b>	IRA/SEP/SIMPLE <input type="checkbox"/>	<b>8</b> Other \$ %	
		<b>9a</b> Your percentage of total distribution %	<b>9b</b> Total employee contributions \$		
<b>10</b> Amount allocable to IRR within 5 years \$	<b>11</b> 1st year of desig. Roth contrib.	<b>12</b> State tax withheld <b>\$ 480.00</b>	<b>13</b> State/Payer's state no. <b>YS/40-7XXXXXX</b>	<b>14</b> State distribution <b>\$ 12,000.00</b>	
Account number (see instructions)		<b>15</b> Local tax withheld \$	<b>16</b> Name of locality	<b>17</b> Local distribution \$	

Form **1099-R**

www.irs.gov/form1099r

Department of the Treasury - Internal Revenue Service



## Military Scenario 3: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

10. What is the correct amount of wages reported on Form 1040, line 7? \_\_\_\_\_.
11. How is Madeline's rental real estate income reported on the joint tax return?
  - a. Rental income and expenses are reported on Schedule E.
  - b. Rental income is reported on Schedule E and rental expenses are reported on Schedule A.
  - c. Madeline's rental income should not be reported on their joint return.
  - d. Net rental expenses are reported on Form 1040, Line 21.
12. What are Madeline's total deductible rental expenses?
  - a. \$4,400
  - b. \$4,600
  - c. \$5,000
  - d. \$5,100
13. Which of the following amounts are **not included** when calculating Madeline's adjustment for unreimbursed employee business expenses?
  - a. \$175 for uniforms
  - b. \$294 for meals
  - c. \$636 for lodging
  - d. \$1,808 for mileage
14. Where should Madeline report her unreimbursed employee business expenses?
  - a. As an itemized deduction on Schedule A
  - b. As a business expense on Schedule C-EZ
  - c. As a rental expense on Schedule E
  - d. As an adjustment to income on Form 1040, Line 24 from Form 2106 or 2106-EZ
15. What is the total federal income tax withheld from Form 1040, page 2? \$\_\_\_\_\_.





### 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: Ed and Heidi Hendrix

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#### Interview Notes

- Ed and Heidi are married and live in Belgium.
- Ed is a U.S. citizen and has a valid social security number. Heidi is a citizen of Belgium and has an ITIN for U.S. tax filing purposes.
- In 2008, Ed and Heidi chose to treat Heidi as a resident alien for tax purposes. This choice has never been suspended or ended.
- Ed worked for a U.S.-based company and earned \$78,000. Heidi worked part-time for a local bakery and earned the equivalent of \$11,000 in U.S. dollars.
- Ed and Heidi's daughter, Suzie, lives with them. Suzie is two years old, a U.S. citizen, and has a valid social security number.
- When Heidi's father died in 2012, her mother Renee moved in with them. Renee is a citizen of Belgium and has no income.
- Ed and Heidi provided all the financial support for Suzie and Renee.

## International Scenario 1: Test Questions

---

1. Neither spouse wishes to revoke their election to treat Heidi as a resident alien. What are Ed and Heidi's filing status options this year?
  - a. They must file Married Filing Jointly.
  - b. They must file Married Filing Separately.
  - c. They can choose Married Filing Jointly or Married Filing Separately.
  - d. Ed can choose to file as Single and Heidi does not have to file at all.
  
2. On a joint return, can Ed and Heidi claim Suzie as a dependent?
  - a. Yes, Suzie is their qualifying child.
  - b. Yes, Suzie is their qualifying relative.
  - c. No, Suzie lives outside the U.S., Canada, or Mexico.
  - d. No, since Heidi has an ITIN, she and Ed cannot claim dependents on their joint return.
  
3. Can Ed and Heidi claim Renee as a dependent?
  - a. Yes, because Renee's husband is deceased.
  - b. Yes, because she is their qualifying relative.
  - c. No, because Renee is not a U.S. citizen, U.S. resident alien, U.S. national, or resident of Canada or Mexico.
  - d. No, because Heidi has an ITIN.
  
4. On a joint return, how should Ed and Heidi treat Heidi's income?
  - a. Heidi's income is not included on the return because it was paid by a Belgian company.
  - b. Heidi's worldwide income must be reported on the return.
  - c. Because their combined income is less than the foreign earned income exclusion limit, they don't need to file a return.
  - d. Because Heidi only worked part-time, her income does not need to be included on the return.

## International Scenario 2: Jared and Rachel Baldwin

---

### Interview Notes

- Jared and Rachel currently live in Lyon, France. They moved there on January 17, 2013, for Rachel's temporary job assignment. They are U.S. citizens and have valid social security numbers.
- Neither Jared nor Rachel works for the U.S. government.
- They returned to the U.S. for nine days to attend a wedding and visit family.
- They also spent 14 days skiing in Switzerland in December.
- Jared and Rachel own a home in the U.S. It is vacant while they are overseas, but Rachel's sister checks on it for them. Jared and Rachel rent a one-bedroom apartment in Lyon.
- Jared and Rachel plan to return to the U.S. when Rachel's assignment ends next year.

## International Scenario 2: Test Questions

---

5. Which test qualifies Jared and Rachel for the foreign earned income exclusion?
  - a. Bona fide residence test
  - b. Physical presence test
  - c. Both a and b
  - d. Jared and Rachel are not eligible to exclude their foreign earned income
6. The 14 days spent in Switzerland can be included when counting the 330 days required for the physical presence test.
  - a. True
  - b. False



## International Scenario 3: Blake and Anastasia Harper

### Interview Notes

- Blake and Anastasia are married and are U.S. citizens. They have lived and worked in London since February 1, 2011. They did not return to the U.S. at any time during 2013. They want to file a joint return.
- Income:
  - Blake is a self-employed photographer in London. He uses business code 541920.
  - Blake had \$31,500 in receipts from sales (converted to U.S. dollars).
  - His expenses included:
    - \$200 per month for 12 months of rent for a shared studio, which included utilities
    - \$1,000 in supplies
    - \$500 in advertising
  - Blake did not make any payments that would require filing Form 1099.
  - Blake paid income taxes throughout the year to the United Kingdom. Converted to U.S. dollars, the total income tax Blake paid was \$3,500.
  - They took the foreign earned income exclusion for Blake's earnings for the last two years and expect to take it again this year. They have never revoked this exclusion.
  - Blake has an unlimited work visa
  - Anastasia worked at the U.S. Embassy and has a Form W-2 for her salary.
- Blake and Anastasia have checking and savings accounts at a London bank. Converted to U.S. dollars, Fisk Bank paid them \$160 in interest. The Harpers paid foreign tax to the U.K. on this interest income in the amount of £26.24. The exchange rate on the date they paid the tax was 1 U.S. Dollar (USD) = .656 British Pounds (GBP).
- They are not required to file FinCEN Form 114 and they did not receive a distribution, were not grantors, nor were they transferors of a foreign trust.
- The couple rents an apartment in London located at 220 Sussex Street. They do not maintain any other residence abroad or in the U.S.
- They consider themselves residents of England and have never stated otherwise.
- Blake and Anastasia did not itemize for 2012 and do not have enough deductions to itemize for 2013.



**You will need:**

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

• Please complete pages 1-2 of this form.

- You are responsible for the information on your return. Please provide complete and accurate information.
- If you have questions, please ask the IRS certified volunteer preparer.

**Part I – Your Personal Information**

1. Your first name <b>BLAKE</b>		M.I. <b>A</b>	Last name <b>HARPER</b>		Are you a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Your spouse's first name <b>ANASTASIA</b>		M.I. <b>R</b>	Last name <b>HARPER</b>		Is your spouse a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing address <b>BOX 999</b>			Apt #	City <b>APO</b>	State <b>AE</b>	ZIP code <b>09999</b>
4. Contact information Telephone number(s) <b>YOUR PHONE</b>		Email address <b>NONE</b>				
5. Your Date of Birth <b>10/03/1982</b>		6. Your job title <b>PHOTOGRAPHER</b>		7. Last year, were you:		a. Full time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
				b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
8. Your spouse's Date of Birth <b>12/21/1984</b>		9. Your spouse's job title <b>CLERK</b>		10. Last year, was your spouse:		a. Full time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
				b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
11. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure						
12. Have you or your spouse a. Been a victim of identity theft? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No b. Adopted a child? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No						

**Part II – Marital Status and Household Information**

1. As of December 31 of last year, were you:  Single  Married  Divorced or Legally Separated  Widowed

Did you live with your spouse during any part of the last six months of 2013?  Yes  No

Date of final decree or separate maintenance agreement \_\_\_\_\_  
Year of spouse's death \_\_\_\_\_

2. List the names below of:  
• **everyone** who lived with you last year (other than you or your spouse)  
• **anyone** you supported but did not live with you last year

If additional space is needed check here  and list on page 4

											To be completed by Certified Volunteer Preparer			
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	US Citizen (yes/no)	Resident of U.S., Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/13 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	Can this person be claimed by someone else as a dependent on their return? (yes/no)	Did this person provide more than 50% of their own support? (yes/no)	Did this person have more than \$3900 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)						

**Volunteers are trained to provide high quality service and uphold the highest ethical standards.  
To report unethical behavior to the IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205**

Yes	No	Unsure	Check appropriate box for each question in each section
-----	----	--------	---

**Part III – Income – Last Year, Did You (or Your Spouse) Receive**

- |                                     |                                     |                          |   |
|-------------------------------------|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? <u>1</u>                           |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. (A) Tip Income?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. (B) Scholarships? (Forms W-2, 1098-T)  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)        |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. (B) Refund of state/local income taxes? (Form 1099-G)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. (B) Alimony income?  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 7. (A) Self-Employment income? (Form 1099-MISC, cash)   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?                                |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. (A) Income (or loss) from the sale of Stocks, Bonds or Real Estate? (including your home) (Forms 1099-S, 1099-B) |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)           |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 11. (A) Distribution from Pensions, Annuities, and/or IRA? (Form 1099-R)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 12. (B) Unemployment compensation? (Form 1099-G)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)                                 |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 14. (M) Income (or loss) from Rental Property?  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, etc.) (Forms W-2G) Specify <b>FEC</b> |

**Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay**

- |                                     |                                     |                          |   |
|-------------------------------------|-------------------------------------|--------------------------|---|
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1. (B) Alimony? If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Contributions to a retirement account? <u>IRA (A)</u> <u>None</u> Roth IRA (B) <u>401K (B)</u> <u>Other</u>    |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. (B) Post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)                      |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. (B) Unreimbursed employee business expenses? (such as uniforms or mileage)                                     |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. (B) Medical expenses? (including health insurance premiums)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. (B) Home mortgage interest? (Form 1098)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. (B) Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)                   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. (B) Charitable contributions?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. (B) Child or dependent care expenses such as daycare?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 10. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 11. (A) Expenses related to self-employment income or any other income you received?                              |

**Part V – Life Events – Last Year, Did You (or Your Spouse)**

- |                          |                                     |                          |   |
|--------------------------|-------------------------------------|--------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)                         |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. (COD) Have debt from a mortgage or credit card cancelled/forgiven by a commercial lender? (Forms 1099-C, 1099-A) |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. (A) Buy, sell or have a foreclosure (COD) of your home? (Form 1099-A)  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. (B) Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? _____                |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)               |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. (B) Live in an area that was affected by a natural disaster? If yes, where? _____                                |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. (A) Receive the First Time Homebuyers Credit in 2008?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. (B) Pay any student loan interest? (Form 1098-E)   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much? _____            |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 10. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?              |

**Part VI – Additional Information and Questions Related to the Preparation of Your Return****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**If you are due a refund, would you like**Direct deposit?  Yes  No To purchase U.S. Savings Bonds?  Yes  No To split your refund between different accounts?  Yes  NoIf you have a balance due, would you like to make a payment directly from your bank account?  Yes  No**Many free tax preparation sites operate by receiving grant money. The data from the following questions may be used by this site to apply for these grants. Your answers will be used only for statistical purposes.**Other than English, what language is spoken in your home? NONE  Prefer not to answerAre you or a member of your household considered disabled?  Yes  No  Prefer not to answer



**IRS Certified Volunteer Preparers participating in the VITA and TCE programs must use a correct Intake/Interview process to prepare each return.**

**Before preparing the tax return:**

- Interview the taxpayer using probing questions to clarify information on this form and confirm the information provided by the taxpayer is complete and accurate.
- Correct any incomplete or inaccurate information on this form including all "Unsure" answers.
- Review all supporting documentation provided by the taxpayer. (*Forms W-2, 1099, payment receipts, etc.*)
- Use Publication 4012, Volunteer Resource Guide and Publication 17, Your Federal Income Tax to validate tax law determinations.

**VITA/TCE Preparers Due Diligence Requirements**

- All IRS certified volunteers must exercise due diligence. This means, as a volunteer, you must do your part when preparing or quality reviewing a tax return to ensure the information on the return is correct and complete.
- Doing your part includes: confirming a taxpayer's (*and spouse if applicable*) identity and providing top-quality service by helping them understand and meet their tax responsibilities.
- Generally, as an IRS certified volunteer, you can rely in good faith on information from a taxpayer. However, part of due diligence requires asking a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, you need to ask yourself if the information is unusual or questionable.

**Make an effort to find the answer**

**When in doubt:**

- Seek Assistance from the site coordinator or a certified volunteer preparer with more experience.
- Research publications (*i.e. Publication 17, Publication 4012, Publication 596, etc.*).
- Research [www.irs.gov](http://www.irs.gov) for your answer.
- Research the Interactive Tax Assistance (ITA) tool to address tax law qualifications.
- Contact the VITA Hotline (*see Publication 4012*).
- Advise taxpayers to seek assistance from a professional return preparer if you cannot address their tax law issue.

If at any time you are uncomfortable with the information and/or documentation provided by a taxpayer, you should not prepare the tax return.

**Part VII – IRS Certified Volunteer Quality Reviewer Section**

**Review the tax return with the taxpayer to promote accuracy.**


1. Taxpayer (and Spouse's) **identity** verified with a photo ID.
2. The volunteer return preparer/ quality reviewer are **certified** to prepare/review this return.
3. All **unsure** boxes were discussed with the taxpayer and correctly marked yes or no.
4. The **information** on pages one and two was correctly addressed and transferred to the return.
5. Names, **SSNs**, **ITINs**, and **EINs**, were verified and correctly transferred to the return.
6. **Filing status** was verified and correct.
7. **Personal and Dependency Exemptions** are entered correctly on the return.
8. All **Income** (*including income with or without source documents*) checked "yes" in part III was correctly transferred to the tax return.
9. **Adjustments** are correct.
10. **Standard, Additional or Itemized Deductions** are correct.
11. All **credits** are correctly reported.
12. **Withholding** shown on Forms W-2, 1099 and **Estimated Tax Payments** are correctly reported.
13. **Direct Deposit/Debit** and checking/saving account numbers are correct.
14. **SIDN** is correct on the return.
15. The taxpayer(s) was advised that they are **responsible** for the information on their return.

Certified Volunteer Preparer's name/initials (*optional*)

Certified Volunteer Quality Reviewer's name/initials (*optional*)





a Employee's social security number <b>511-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>	
b Employer identification number (EIN) <b>42-XXXXXX</b>		1 Wages, tips, other compensation <b>37,000.00</b>		2 Federal income tax withheld <b>6,560.00</b>					
c Employer's name, address, and ZIP code <b>US CONSULATE 3000 TATE ROAD LONDON, UK</b>		3 Social security wages <b>37,000.00</b>		4 Social security tax withheld <b>2,294.00</b>					
		5 Medicare wages and tips <b>37,000.00</b>		6 Medicare tax withheld <b>536.50</b>					
		7 Social security tips		8 Allocated tips					
d Control number		9		10 Dependent care benefits					
e Employee's first name and initial Last name Suff. <b>ANASTASIA R. HARPER BOX 999 APO AE 09999</b>		11 Nonqualified plans		12a See instructions for box 12					
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b					
		14 Other		12c					
				12d					
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

**2013**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.

## International Scenario 3: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

7. What is the amount of wages reported on the Harpers' Form 1040, line 7?
  - a. \$31,500
  - b. \$37,000
  - c. \$64,600
  - d. \$68,500
  
8. The interest paid by Fisk Bank must be included in Blake and Anastasia's income on Form 1040.
  - a. True
  - b. False
  
9. What is the amount of total expenses on Schedule C or C-EZ?
  - a. \$500
  - b. \$1,000
  - c. \$2,400
  - d. \$3,900
  
10. What is the amount of federal income tax withheld that appears on Blake and Anastasia's Form 1040, page 2?
  - a. \$0
  - b. \$6,560
  - c. \$10,060
  - d. \$10,100
  
11. The correct amount of the foreign earned income exclusion reported on Form 1040, Other Income line is (\$31,500).
  - a. True
  - b. False

12. Anastasia's salary does **not** qualify for the foreign earned income exclusion because it is paid by the U.S. government.
- True
  - False
13. Blake and Anastasia will take the foreign earned income exclusion. How should the \$3,500 Blake paid in income taxes to the U.K. be handled on the Harpers' tax return?
- Blake and Anastasia can claim the full \$3,500 as a foreign tax credit without completing the Form 1116.
  - Blake and Anastasia can include the \$3,500 in federal income tax withholding on Form 1040.
  - Blake and Anastasia cannot take a foreign tax credit because the tax was paid on income excluded under the foreign earned income exclusion.
  - Blake and Anastasia cannot claim a foreign tax credit because the amount of taxes paid is over \$600.
14. Blake and Anastasia will take a foreign tax credit for the taxes paid on their interest income. What category of income should be checked at the top of their Form 1116?
- Passive Category Income
  - General Category Income
  - Section 901(j) income
  - Certain income re-sourced by treaty
15. Convert the amount of foreign taxes paid on interest to U.S. dollars. Rounded to the nearest dollar, what amount is reported on Form 1116, line 8? \$\_\_\_\_\_





# RETEST QUESTIONS

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 following pages.

To answer the retest questions for return preparation scenarios, refer to the Interview Notes, Intake/Interview & Quality Review Sheet, and taxpayer documents provided in the test scenarios beginning on page 1-6 of this booklet.



# Retest Answer Sheet

Name \_\_\_\_\_

Record all your answers on this tear-out page.  
Your Instructor will tell you where to send your Retest Answer Sheet for grading. Be sure to complete and sign the Form 13615, Volunteer Standards of Conduct Agreement.

## 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.

Question Answer

### Standards of Conduct

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

Total Answers Correct: \_\_\_\_\_  
Total Questions: 10  
Passing Score: 8 of 10

Question Answer

### Basic Scenario 1

1.	
2.	

### Basic Scenario 2

3.	
4.	

### Basic Scenario 3

5.	
6.	

### Basic Scenario 4

7.	
8.	

### Basic Scenario 5

9.	
10.	

### Basic Scenario 6

11.	
12.	

### Basic Scenario 7

13.	
14.	

15.	
16.	

17.	
-----	--

### Basic Scenario 8

18.	
19.	

20.	
21.	

22.	
23.	

### Basic Scenario 9

24.	
25.	

26.	
27.	

28.	
29.	

30.	
-----	--

Total Answers Correct: \_\_\_\_\_  
Total Questions: 30  
Passing Score: 24 of 30

Question Answer

### Advanced Scenario 1

1.	
2.	

### Advanced Scenario 2

3.	
4.	

### Advanced Scenario 3

5.	
6.	

### Advanced Scenario 4

7.	
8.	

9.	
10.	

### Advanced Scenario 5

11.	
12.	

### Advanced Scenario 6

13.	
14.	

15.	
16.	

17.	
18.	

### Advanced Scenario 7

19.	
20.	

21.	
22.	

23.	
24.	

### Advanced Scenario 8

25.	
26.	

27.	
28.	

29.	
30.	

31.	
32.	

### Advanced Scenario 9

33.	
34.	

35.	
36.	

37.	
38.	

39.	
40.	

Total Answers Correct: \_\_\_\_\_  
Total Questions: 40  
Passing Score: 32 of 40

Question Answer

### Military Scenario 1

1.	
2.	

3.	
4.	

5.	
----	--

### Military Scenario 2

6.	
7.	

8.	
9.	

### Military Scenario 3

10.	
11.	

12.	
13.	

14.	
15.	

Total Answers Correct: \_\_\_\_\_  
Total Questions: 15  
Passing Score: 12 of 15

Question Answer

### International Scenario 1

1.	
2.	

3.	
4.	

### International Scenario 2

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### International Scenario 3

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Total Answers Correct: \_\_\_\_\_  
Total Questions: 15  
Passing Score: 12 of 15

## 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: Wendy Gordon

---

#### Interview Notes

- Wendy is 20 years old, single, and a U.S. citizen with a valid social security number.
- On Wendy's Intake and Interview sheet, she answered "Unsure" to the question, "Can anyone claim you or your spouse on their tax return?"
- During the interview with Wendy, you determine the following facts:
  - Wendy was a full-time student during 2013.
  - Her only income was \$8,000 in wages.
  - She lived with her parents all year, but they told her they will not claim her.
  - Wendy does not provide more than half of her own support.

### Basic Scenario 1: Retest Questions

---

1. Wendy can claim one personal exemption on her 2013 tax return.
  - a. True
  - b. False
2. Wendy can claim the earned income credit on her 2013 tax return.
  - a. True
  - b. False

## Basic Scenario 2: Joanne Parks

---

### Interview Notes

- Joanne is 32, unmarried, and earned \$40,000 in wages.
- Joanne's 67-year-old single mother, Agnes, moved in with her in February 2013.
- Joanne provided more than half of her mother's support and all the cost of keeping up the home.
- Agnes' only income was \$6,800 in social security benefits.
- None of Agnes' social security income is taxable, and she is not required to file a tax return.
- Joanne and Agnes are U.S. citizens and have valid social security numbers.

## Basic Scenario 2: Retest Questions

---

3. Joanne can claim her mother as a dependent.
  - a. True
  - b. False
4. Joanne's correct filing status is Single.
  - a. True
  - b. False

## Basic Scenario 3: Mike Hastings

---

### Interview Notes

- Mike is 38 and made \$32,000 in wages in 2013. He is single and pays all the cost of keeping up his home.
- Mike's daughter, Brittany, lived with Mike all year.
- Brittany's baby, Hayden, was born in November 2013. Hayden lived in Mike's home since birth.
- Brittany is 16, single, and had \$3,200 in wages in 2013.
- Mike provides more than half of the support for both Brittany and Hayden.
- Mike, Brittany, and Hayden are all U.S. citizens with valid social security numbers.

## Basic Scenario 3: Retest Questions

---

5. Can Brittany claim Hayden as a dependent?
  - a. Yes, because Brittany is Hayden's mother.
  - b. Yes, because she had earned income.
  - c. No, because Brittany is a dependent of Mike.
  - d. No, because Hayden didn't live with Brittany for more than 6 months.
6. Mike has no qualifying child(ren) for the earned income credit.
  - a. True
  - b. False

## Basic Scenario 4: George and Maria Newton

---

### Interview Notes

- George and Maria are married and want to file a joint return.
- They have one child, Isabel, who is 5 years old and lived with them all year.
- George and Maria live in the U.S. and have Individual Taxpayer Identification Numbers (ITINs).
- Isabel is a U.S. citizen and has a valid social security number.
- George earned \$37,000 in wages, and had no other income. Maria had no income.
- George provided all the support for Maria and Isabel.

### Basic Scenario 4: Retest Questions

---

7. George and Maria are **not eligible** to claim the earned income credit because they have ITINs.
  - a. True
  - b. False
8. George and Maria can claim Isabel as a dependent.
  - a. True
  - b. False



## Basic Scenario 5: Jim Wells and Sally Fulton

---

### Interview Notes

- Jim and Sally are not married. They lived together all year.
- Sally had \$5,000 in earned income during 2013. Jim earned \$30,000 in wages.
- Jim and Sally have two children. Tyler is 10 years old, and Jamie is 8.
- Tyler and Jamie lived with Jim and Sally for all of 2013.
- Tyler and Jamie did not provide over half of their own support.
- Jim paid all the rent, utilities, groceries, and other household expenses, which totaled \$16,000. Sally used \$1,000 of her income for clothing and entertainment expenses and put the remaining \$4,000 in her personal savings account.
- Jim and Sally agreed they would each claim one child on their individual tax returns.
- Jim, Sally, Tyler and Jamie are all U.S. citizens with valid social security numbers.

### Basic Scenario 5: Retest Questions

---

9. Jim and Sally can both file as Head of Household on their individual returns.
  - a. True
  - b. False
10. Who can claim the earned income credit?
  - a. Only Jim
  - b. Only Sally
  - c. Both Jim and Sally
  - d. Neither Jim nor Sally

## Basic Scenario 6: Melinda Armstrong

---

### Interview Notes

- Melinda is single and employed as a clerk.
- Melinda earned \$47,000 in wages, and had no other income.
- In 2013, she took a computer class at the community college to improve her job skills.
- She has receipts showing she paid \$900 for tuition, \$300 for a course book, and \$50 for a parking permit. Melinda paid all expenses from her savings. She did not receive any assistance or reimbursement. She received a Form 1098-T showing \$900 in box 1.
- She ordered her course book from an online bookseller.
- The parking permit was not a requirement of enrollment.
- Melinda does not have enough deductions to itemize.
- Melinda is a U.S. citizen with a valid social security number.

## Basic Scenario 6: Retest Questions

---

11. Melinda is eligible to claim the American opportunity credit.
  - a. True
  - b. False
12. How much does Melinda have in qualified educational expenses for the lifetime learning credit? \$\_\_\_\_\_.

## Basic Scenario 7: Retest Questions

---

### Directions

Read the scenario information for Warren and Shirley Graves beginning on page 1-7.

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

13. Warren and Shirley's Identity Protection PIN must be entered as part of their tax return.
  - a. True
  - b. False
  
14. The correct amount of interest shown on Line 8a of the Graves' Form 1040 is \$\_\_\_\_\_.
  
15. A portion of the Graves' social security income is taxable.
  - a. True
  - b. False
  
16. The Graves' standard deduction is \$\_\_\_\_\_.
  
17. Warren and Shirley want to avoid having a balance due next year. Which of the following can they do?
  - a. Shirley can submit a Form W4-P to have tax withheld from her pension.
  - b. Warren can increase the withholding on his Social Security.
  - c. They can make estimated tax payments.
  - d. All of the above

## Basic Scenario 8: Retest Questions

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### Directions

Read the information for Teresa Martin beginning on page 1-16.

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

18. Is Head of Household the most advantageous filing status Teresa can use?
  - a. Yes
  - b. No
  
19. Because Zack is disabled and meets the other tests, Teresa can claim him as a qualifying child for the earned income credit.
  - a. True
  - b. False
  
20. What is Teresa's total federal income tax withholding?
  - a. \$150
  - b. \$260
  - c. \$2,500
  - d. \$2,910
  
21. What is the credit for child and dependent care expenses on Form 2441, line 11?  
\$\_\_\_\_\_.
  
22. Teresa has three qualifying children for the child tax credit.
  - a. True
  - b. False
  
23. Teresa must pay a 10% additional tax on the distribution from her 401(k) because she is under 59 1/2 years old and does not qualify for an exception.
  - a. True
  - b. False
  
24. What is the amount of **earned income** used to calculate Teresa's earned income credit?
  - a. \$39,000
  - b. \$40,300
  - c. \$40,500
  - d. \$41,800

## Basic Scenario 9: Retest Questions

---

### Directions

Read the information for Evan James Swift, beginning on page 1-25.

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

25. What is Evan's total deduction for taxes paid on Schedule A, line 9? \$\_\_\_\_\_.
26. What is Evan's total interest deduction on Schedule A, line 15?
- a. \$0
  - b. \$336
  - c. \$6,552
  - d. \$6,888
27. Lottery winnings must be reported, even if no Form W-2G is received.
- a. True
  - b. False
28. Room and board costs are qualifying expenses for the American opportunity credit.
- a. True
  - b. False
29. The amount of Evan's retirement savings contributions credit in the Tax and Credits section of Form 1040 is \$200.
- a. True
  - b. False
30. What is the **refundable** amount of Evan's American opportunity credit from the payments section of Form 1040, page 2?
- a. \$600
  - b. \$720
  - c. \$930
  - d. \$2,500



## 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: Wendy Gordon

---

#### Interview Notes

- Wendy is 20 years old, single, and a U.S. citizen with a valid social security number.
- On Wendy's Intake and Interview sheet, she answered "Unsure" to the question, "Can anyone claim you or your spouse on their tax return?"
- During the interview with Wendy, you determine the following facts:
  - Wendy was a full-time student during 2013.
  - Her only income was \$8,000 in wages.
  - She lived with her parents all year, but they told her they will not claim her.
  - Wendy does not provide more than half of her own support.

### Advanced Scenario 1: Retest Questions

---

1. Wendy can claim one personal exemption on her 2013 tax return.
  - a. True
  - b. False
2. Wendy can claim the earned income credit on her 2013 tax return.
  - a. True
  - b. False

## Advanced Scenario 2: Mike Hastings

---

### Interview Notes

- Mike is 38 and made \$32,000 in wages in 2013. He is single and pays all the cost of keeping up his home.
- Mike's daughter, Brittany, lived with Mike all year.
- Brittany's baby, Hayden, was born in November 2013. Hayden lived in Mike's home since birth.
- Brittany is 16, single, and had \$3,200 in wages in 2013.
- Mike provides more than half of the support for both Brittany and Hayden.
- Mike, Brittany, and Hayden are all U.S. citizens with valid social security numbers.

## Advanced Scenario 2: Retest Questions

---

3. Can Brittany claim Hayden as a dependent?
  - a. Yes, because Brittany is Hayden's mother.
  - b. Yes, because she had earned income.
  - c. No, because Brittany is a dependent of Mike.
  - d. No, because Hayden didn't live with Brittany for more than 6 months.
4. Mike has no qualifying child(ren) for the earned income credit.
  - a. True
  - b. False

## Advanced Scenario 3: George and Maria Newton

---

### Interview Notes

- George and Maria are married and want to file a joint return.
- They have one child, Isabel, who is 5 years old and lived with them all year.
- George and Maria live in the U.S. and have Individual Taxpayer Identification Numbers (ITINs).
- Isabel is a U.S. citizen and has a social security number.
- George earned \$37,000 in wages, and had no other income. Maria had no income.
- George provided all the support for Maria and Isabel.

### Advanced Scenario 3: Retest Questions

---

5. George and Maria are **not eligible** to claim the earned income credit because they have ITINs.
  - a. True
  - b. False
6. George and Maria can claim Isabel as a dependent.
  - a. True
  - b. False

## Advanced Scenario 4: Steven Wilson

---

### Interview Notes

Steven sold some stock in 2013, and has come to you to prepare his tax return.

ABC stock:

- Steven inherited 50 shares of ABC stock from his great-uncle Nathan who died on November 7, 2012.
- Great-uncle Nathan's basis was \$12 per share.
- The fair market value on the date of death was \$30 per share.
- Steven sold 25 shares of ABC on July 1, 2013. His Form 1099-B shows sales price, less commissions, of \$600.

XYZ stock:

- On March 15, 2013, Steven sold 150 shares of XYZ stock, which he purchased in 1998.
- Steven does not know the basis for his XYZ stock, and the basis is not shown on the Form 1099-B he received from the broker.

PSA mutual fund:

- On October 7, 2012, Steven purchased 1,000 shares of the PSA mutual fund for \$7,500.
- On March 7, 2013, the fund paid a capital gain distribution of \$200 that was reinvested to purchase an additional 20 shares.
- Steven received Form 1099-DIV reporting the capital gain distribution. He also received a year-end statement showing \$10,500 as the December 31, 2013, value of his 1,020 shares.

## Advanced Scenario 4: Retest Questions

---

7. Steven's basis in the 25 ABC shares he sold is \$300.
  - a. True
  - b. False
8. Steven's holding period for his 2013 sale of inherited ABC stock is long-term.
  - a. True
  - b. False
9. Steven files his 2013 return showing zero basis for the XYZ shares he sold. The following month, he determines the correct basis of his XYZ shares is \$950. What should he do?
  - a. Do nothing, it's too late.
  - b. File an amended return reporting the correct basis.
  - c. Claim a deduction of \$950 on his 2014 tax return.
  - d. Increase the basis on his next stock sale by \$950.

10. The reinvested capital gain distribution increased Steven's total basis in his PSA mutual fund shares.
- a. True
  - b. False

## Advanced Scenario 5: Melinda Armstrong

---

### Interview Notes

- Melinda is single and employed as a clerk.
- Melinda earned \$47,000 in wages, and had no other income.
- In 2013, she took a computer class at the community college to improve her job skills.
- She has receipts showing she paid \$900 for tuition, \$300 for a course book, and \$50 for a parking permit. Melinda paid all expenses from her savings. She did not receive any assistance or reimbursement. She received a Form 1098-T showing \$900 in box 1.
- She ordered her course book from an online bookseller.
- The parking permit was not a requirement of enrollment.
- Melinda does not have enough deductions to itemize.
- Melinda is a U.S. citizen with a valid social security number.

## Advanced Scenario 5: Retest Questions

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11. Which education benefit is Melinda **not eligible** to take?
- a. American opportunity credit
  - b. Lifetime learning credit
  - c. Tuition and fees deduction
  - d. She does not qualify for any education benefit
12. Which of the following are Melinda's qualified educational expenses for the lifetime learning credit?
- a. \$900 in tuition
  - b. \$300 for course book
  - c. \$50 parking permit
  - d. None of her expenses qualify

## Advanced Scenario 6: Retest Questions

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### Directions

Read the information for Matthew Clark beginning on page 2-7.

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

13. Matthew can claim his mother as a dependent.
  - a. True
  - b. False
  
14. Matthew's correct filing status is Single.
  - a. True
  - b. False
  
15. The amount Matthew paid for the meal plan is a qualified expense for the American opportunity credit.
  - a. True
  - b. False
  
16. The amount of **tuition** included as a qualified expense in the calculation of Matthew's American opportunity credit is \$2,600.
  - a. True
  - b. False
  
17. Form 4137 is used to figure the social security and Medicare tax on Matthew's allocated tips.
  - a. True
  - b. False
  
18. What is the amount of additional tax on the early distribution from Matthew's IRA?
  - a. \$0
  - b. \$200
  - c. \$1,000
  - d. \$2,000



## Advanced Scenario 7: Retest Questions

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### Directions

Read the information for Teresa Martin beginning on page 2-15.

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

- 19.** Is Head of Household the most advantageous filing status Teresa can use?
- a. Yes
  - b. No
- 20.** Because Zack is disabled and meets the other tests, Teresa can claim him as a qualifying child for the earned income credit.
- a. True
  - b. False
- 21.** What is Teresa's total federal income tax withholding?
- a. \$150
  - b. \$260
  - c. \$2,500
  - d. \$2,910
- 22.** What is the credit for child and dependent care expenses on Form 2441, line 11?  
\$\_\_\_\_\_.
- 23.** Teresa has three qualifying children for the child tax credit.
- a. True
  - b. False
- 24.** Teresa must pay the 10% additional tax on the distribution from her 401(k) because she is under 59 1/2 years old and does not qualify for an exception.
- a. True
  - b. False

## Advanced Scenario 8: Retest Questions

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### Directions

Refer to the scenario information for Elliot and Kathy Blackburn, beginning on page 2-23. Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

25. The total amount of interest income shown on Line 8a is \$95.
  - a. True
  - b. False
  
26. The royalty income from Elliot's Schedule K-1 (Form 1120S) should appear on Form 1040, line 21, Other Income.
  - a. True
  - b. False
  
27. The net capital gain or loss reported on Form 1040, Line 13 is a loss of \$957.
  - a. True
  - b. False
  
28. How much of the \$17,500 gross distribution reported on Form 1099-R from Hickory Corporation is taxable in 2013?
  - a. \$15,750
  - b. \$17,019
  - c. \$17,153
  - d. \$17,195
  
29. A portion of Elliot's social security income is taxable.
  - a. True
  - b. False
  
30. Elliot can subtract his gambling losses from his gambling winnings before reporting the income on Form 1040, line 21.
  - a. True
  - b. False
  
31. The Blackburns qualify for a foreign tax credit.
  - a. True
  - b. False
  
32. The Blackburns are entitled to an earned income credit for 2013.
  - a. True
  - b. False

## Advanced Scenario 9: Retest Questions

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### Directions

Refer to the scenario information for Lily Albright, beginning on page 2-35.

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

33. Lily must use Schedule C-EZ or C to report her cash income.
- True
  - False
34. How many business miles can be used to compute the deductible mileage expense for Lily's hair stylist business? \_\_\_\_\_.
35. Lily **cannot** deduct the amount she pays for car repairs as a business expense because she is using the standard mileage rate.
- True
  - False
36. The full amount of the self-employment tax is deducted on Schedule A, in the Taxes You Paid section.
- True
  - False
37. How do you report qualified student loan interest paid?
- As an expense for an education credit
  - As other income on Form 1040, line 21
  - As an itemized deduction on Schedule A
  - As an adjustment to income on Form 1040, page 1
38. What is Lily's total itemized deductions on Schedule A, line 29? \$\_\_\_\_\_.
39. What is the amount of Lily's retirement savings contributions credit? \$\_\_\_\_\_.
40. One way Lily can avoid having a balance due next year is to give her employer a new Form W-4 to increase her withholding.
- True
  - False

## Directions

The first two 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: Parker and Charlotte Mitchell

---

#### Interview Notes

- Parker and Charlotte live in Denver, Colorado, where Parker joined the Air Force. He finished his training and will be stationed in Tucson, Arizona, for two years. This is a permanent change of station (PCS).
- They decided to make a Do It Yourself (DITY) move and save money.
- Charlotte spent a weekend in May in Tucson looking for an apartment they could rent. She spent \$745 on round-trip airfare, hotel and a rental car.
- On June 4, Parker and Charlotte packed all their belongings and began driving from Denver to Tucson. On the way, they made a side trip to the Grand Canyon to see the sights. Their trip took a total of six days and five nights instead of the authorized two days and one night.
- Their move was estimated to cost \$5,500, and the Air Force provided \$5,225 in advance.
- The Mitchells drove a total of 1,116 miles. The shortest, most direct route from Denver to Tucson is 900 miles. Their cost for the moving truck was \$2,500. Their cost for lodging was \$77 per night, which is considered a reasonable expense. Parker and Charlotte spent \$525 on food during the trip.
- Parker and Charlotte are U.S. citizens and have valid social security numbers.

### Military Scenario 1: Retest Questions

---

1. How much can Parker and Charlotte claim for qualified lodging expenses? \_\_\_\_\_.
2. How many miles can Parker and Charlotte claim as qualified moving expense?
  - a. 0
  - b. 216
  - c. 900
  - d. 1116
3. Parker and Charlotte can claim two days of food expenses as a qualified moving expense.
  - a. True
  - b. False

4. Charlotte's May trip to locate an apartment is a qualified moving expense.
  - a. True
  - b. False
  
5. Parker and Charlotte's net financial gain on the move is taxable.
  - a. True
  - b. False

## Military Scenario 2: Retest Questions

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### Interview Notes

- Emmett and Veronica came to the site to file a tax return.
- The Russells are married and have two children, ages 5 and 7, who lived with Veronica all year.
- Emmett and Veronica and their two children are all U.S. citizens and have valid social security numbers.
- Emmett was deployed to Afghanistan on December 10, 2011. His last day in the combat zone was January 31, 2014.
- Emmett earned \$25,000. His Form W-2 shows \$25,000, Code Q in box 12a.
- Veronica's only income was \$6,000 in wages.

## Military Scenario 2: Retest Questions

---

6. Veronica can file as Head of Household because Emmett was deployed all year and had no taxable income.
  - a. True
  - b. False
7. What is the Russells' income reported on Form 1040, line 7?
  - a. \$0
  - b. \$6,000
  - c. \$25,000
  - d. \$31,000
8. Including combat pay in the calculation for the earned income credit makes the pay taxable.
  - a. True
  - b. False
9. The couple did not file their 2012 tax return because of Emmett's deployment. Their deadline to file both the 2012 and 2013 returns is April 15, 2014.
  - a. True
  - b. False



## Military Scenario 3: Retest Questions

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### Directions

Refer to the scenario information for Gregory and Madeline Colbert beginning on page 3-4.

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

10. The correct amount of total wages reported on Form 1040, line 7 is \$27,622.
  - a. True
  - b. False
  
11. Madeline's rental real estate income is reported on Schedule E and rental expenses are reported on Schedule A.
  - a. True
  - b. False
  
12. What are Madeline's total deductible rental expenses? \$\_\_\_\_\_.
  
13. What are the total adjustments to gross income on Form 1040?
  - a. \$2,738
  - b. \$2,913
  - c. \$3,032
  - d. \$3,207
  
14. Madeline should report her unreimbursed employee business expenses on Schedule A.
  - a. True
  - b. False
  
15. What is the total federal income tax withheld on Form 1040, page 2?
  - a. \$532
  - b. \$1,200
  - c. \$3,345
  - d. \$5,077

## 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: Ed and Heidi Hendrix

---

#### Interview Notes

- Ed and Heidi are married and live in Belgium.
- Ed is a U.S. citizen and has a valid social security number. Heidi is a citizen of Belgium and has an ITIN for U.S. tax filing purposes.
- In 2008, Ed and Heidi chose to treat Heidi as a resident alien for tax purposes. This choice has never been suspended or ended.
- Ed worked for a U.S.-based company and earned \$78,000. Heidi worked part-time for a local bakery and earned the equivalent of \$11,000 in U.S. dollars.
- Ed and Heidi's daughter, Suzie, lives with them. Suzie is two years old, a U.S. citizen, and has a valid social security number.
- When Heidi's father died in 2012, her mother Renee moved in with them. Renee is a citizen of Belgium and has no income.
- Ed and Heidi provided all the financial support for Suzie and Renee.

### International Scenario 1: Retest Questions

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1. Neither spouse wishes to revoke their election to treat Heidi as a resident alien. This year, they can choose to file a joint return or file separate returns.
  - a. True
  - b. False
2. On their joint return, Ed and Heidi can claim Suzie as a dependent.
  - a. True
  - b. False
3. On their joint return, Ed and Heidi can claim Renee as a dependent.
  - a. True
  - b. False
4. If Ed and Heidi file a joint return, Heidi's worldwide income must be reported.
  - a. True
  - b. False

## International Scenario 2: Jared and Rachel Baldwin

---

### Interview Notes

- Jared and Rachel currently live in Lyon, France. They moved there on January 17, 2013, for Rachel's temporary job assignment. They are U.S. citizens and have valid social security numbers.
- Neither Jared nor Rachel works for the U.S. government.
- They returned to the U.S. for nine days to attend a wedding and visit family.
- They also spent 14 days skiing in Switzerland in December.
- Jared and Rachel own a home in the U.S. It is vacant while they are overseas, but Rachel's sister checks on it for them. Jared and Rachel rent a one-bedroom apartment in Lyon.
- Jared and Rachel plan to return to the U.S. when Rachel's assignment ends next year.

## International Scenario 2: Retest Questions

---

5. Jared and Rachel meet the requirements of the physical presence test and can exclude their foreign earned income.
  - a. True
  - b. False
6. When calculating the 330 full days in a foreign country for the physical presence test, how are the 14 days spent skiing in Switzerland treated?
  - a. Only 7 of the 14 days count as days spent in a foreign country.
  - b. The days are not counted as days spent in a foreign country.
  - c. The first and last days of the trip do not count as days spent in a foreign country.
  - d. The days are counted as days spent in a foreign country.

## International Scenario 3: Retest Questions

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### Directions

Refer to the scenario information for Blake and Anastasia Harper, beginning on page 4-4.

Please complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the numbers provided by your instructor.*

7. The Harpers' total wages reported on Form 1040, line 7 is \$37,000.
  - a. True
  - b. False
  
8. The interest paid by Fisk Bank **does not** need to be included in Blake and Anastasia's income on Form 1040.
  - a. True
  - b. False
  
9. What is the amount of total expenses on Schedule C or C-EZ? \$\_\_\_\_\_
  
10. The correct amount of federal income tax withheld that appears on Blake and Anastasia's Form 1040, page 2 is \$6,560.
  - a. True
  - b. False
  
11. The correct amount reported on the Other Income line on Form 1040, page 1 is:
  - a. (\$64,600)
  - b. (\$31,500)
  - c. (\$25,650)
  - d. (\$0)

12. Anastasia can claim the foreign earned income exclusion for her U.S. government salary.
- a. True
  - b. False
13. Blake and Anastasia will take the foreign earned income exclusion. They can also claim a foreign tax credit for the income tax Blake paid to the U.K. on his self-employment income.
- a. True
  - b. False
14. Blake and Anastasia will take a foreign tax credit for the taxes paid on their interest income. At the top of their Form 1116, Passive Category Income should be checked.
- a. True
  - b. False
15. Convert the amount of foreign taxes paid on interest to U.S. dollars. Rounded to the nearest dollar, what amount is reported on Form 1116, line 8?
- a. \$17
  - b. \$26
  - c. \$40
  - d. \$105

# 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 the printed technical training kit, Publication 4480, work together to help volunteers learn and practice.

## Link & Learn Taxes for 2013 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 workbook problems from Publication 4491W
  - Lets volunteers prepare test scenario returns for the test/retest



Go to [www.irs.gov](http://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 return with the assistance of a certified volunteer. Taxpayers complete their own return using interview-based software supplied by leaders in the tax preparation industry. Volunteers assist taxpayers with tax law and software questions.

**Virtual VITA** allows partners to initiate the intake process for taxpayers in one location, while utilizing a certified volunteer to prepare the return in an entirely different location. 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.**



[www.irs.gov](http://www.irs.gov)



## Your online resource for volunteer and taxpayer assistance

### The Volunteer Resource Center (Keyword: Community Network)

- Hot topics for volunteers and partners
- Site Coordinator's Corner
- Volunteer Tax Alerts
- Volunteer Training Resources
- EITC Information for Partners
- e-file Materials and Outreach Products

### Tax Information for Individuals (Keyword: Individuals)

- 1040 Central (What's new this filing season)
- Where's My Refund
- EITC Assistant - Available in English and Spanish
- Tax Trails for answers to common tax questions
- Alternative Minimum Tax (AMT) Assistant
- Interactive Tax Assistant (ITA)

and much more!

Your direct link to tax information 24/7

[www.irs.gov](http://www.irs.gov)