**General**

1. Is it your responsibility as a volunteer to check the accuracy of every social security number you enter into a tax return?

***Yes. To prevent processing delays, check the accuracy of each social security number, as well as the spelling of the name associated with the number as shown on the social security documents.***

1. What are acceptable documents if the taxpayer does not have a social security card? **Ref. 4012-2013-Page 18**
   1. ***A SSA letter or a Form SSA-1099 statement***
   2. ***Other documents issued from SSA***
   3. ***Medicare cards with the letter “A” after the SSN***
   4. ***An ITIN card or letter***
2. A taxpayer wants to know what the Presidential Election Campaign Fund is. Where can you find that information? **Ref. Pub 17 -2012 Page 11**

***The index in Publication 17 directs us to a paragraph in the chapter on Filing Information (Page 11)***

**Who Must File?**

1. What information do you need to determine if a taxpayer must file a federal return? ***Ref.4012 – 2013- Pages A1-A2***

* 1. ***Age – From intake sheet***
  2. ***Gross income – Approximate from the documents the taxpayer brings in***
  3. ***Filing status – Narrow it down to most likely status***

***Use the Intake Sheet***

* + 1. ***The taxpayer’s marital status,***
    2. ***Whether the taxpayer can be claimed as a dependent on someone else’s tax return***
    3. ***The taxpayer’s potential dependents***

1. Bob is 27 years old and single. His gross income was $10,000 during the tax year. Based only on this information, is he required to file a tax return? ***Ref.4012 – 2013- Page A1***

***Yes, Bob is required to file a return.***

1. Janet and Harry are married and usually file jointly. During the tax year, she turned 66 and he turned 64. Their gross income was $19,700. Based only on this information, are they required to file a tax return for? ***Ref.4012 – 2013- Page A1***

***No, Janet and Harry are not required to file***

1. Juanita has a dependent child and can file as a Qualifying Widow. She is 47 years old.

Her gross income was $16,500. Based only on this information, is she required to file

a tax return? ***Ref.4012 – 2013- Page A1***

***Yes, Juanita must file***

1. Miranda, 17, is claimed on her parents’ return

* W-2 shows $2000 in wages and federal tax withheld of $155
* Grandparents gave her a $6,000 CD as a gift
* She has no other income

Must or should Miranda file? ***Ref.4012 – 2013- Page A2 & A-3***

***Should: to get back her withholding***

***CD is a gift – not counted in income***

1. Kathy, 22, attends college full time

* Earned $850 babysitting and had $3000 reported on a W-2; no tax was withheld.

Must or should Kathy file? ***Ref.4013 – 2013- Page A3***

***Must: had >$400 in self-employment.***

***If only W-2, would not have needed to file.***

**Filing Status**

1. Alexandra’s younger brother, Sebastian, is seventeen years old. Sebastian lived with some friends from January through February of the current tax year. From March through July, he lived with Alexandra. On August 1, Sebastian moved back in with his friends, with whom he stayed for the rest of the year. Since Sebastian did not have a job, Alexandra gave him money every month. Assuming Alexandra is single and had no other dependents, can she file as Head of Household for the current tax year? **Ref: 4012 – 2013- Page B-1, B-2, B-3**

***No, because Sebastian only lived with Alexandra for five months, which is less than half the year.***

1. Jane’s husband died in the current tax year and they lived together up until he died. She and her husband qualified to file a joint return in the year prior to his death, but they did not. Jane’s children are grown and they maintain households of their own. She has not remarried. What filing status(es) can she use? **Ref: 4012 – 2013- Page B-1, B-2, B-3**
   1. Single
   2. Married Filing Jointly
   3. Married Filing Separately
   4. Head of Household
   5. Qualifying Widow(er) with Dependent Child

***Remember, if a spouse died during the year and the surviving spouse did not remarry, the surviving spouse is considered to be married on December 31 for filing status purposes. Answer “yes” to Step 1 of the Interview Tips.***

***Because she was widowed in the current tax year and has not remarried, Jane can file as Married Filing Jointly or Married Filing Separately. However, she is likely to pay a lower tax if she chooses Married Filing Jointly.***

***Jane is not eligible for the Qualifying Widow(er) with Dependent Child status because those rules are in effect for the two years after the year in which the spouse has died and she must have dependent children.***

***Note: The exercise question stated that they did not file as Married Filing Jointly in the previous tax year, and this would be an opportunity to use the interview techniques to determine why they did not. There might have been circumstances that made it more advantageous to file as Married Filing Separately, which might still exist.***

1. Seth lives alone and has never married. He has no children and does support (pays more than half of keeping up their home for the entire tax year) his parents who do not live with him. What filing status can he use? **Ref: 4012 – 2013- Page B-1, B-2, B-3**
2. Single
3. Married Filing Jointly
4. Married Filing Separately
5. Head of Household
6. Qualifying Widow(er) with Dependent Child

***Head of Household. With any other qualified relative other than his parents, he would have to file as single. However, he is able to file as head of household even if his parents, whom he can claim as a dependents, do not live with him as long as he pays more than half the cost of keeping up their home that was their main home for the entire year.***

1. Tanya’s divorce became final in early September of the tax year. She has sole custody of her three children, who lived with her the entire year. The children are all under the age of 19. She provided more than half of the cost of keeping up the home. What filing status can she use? **Ref: 4012 – 2013- Page B-1, B-2, B-3**
   1. Single
   2. Married Filing Jointly
   3. Married Filing Separately
   4. Head of Household
   5. Qualifying Widow(er) with Dependent Child

***Head of Household. Because she is legally divorced, paid more than ½ the cost of keeping up her home, and qualifying persons lived with her.***

1. Sydney’s wife died in January of 2011. He filed a joint return for that year as the surviving spouse. In 2013, Sydney, who has not remarried, still maintains a home for his young children (ages 5&9) all year, and he provides their sole support. Using the Filing Status Interview Tips in the Volunteer Resource Guide, determine what filing status Sydney should use? **Ref: 4012 – 2013- Page B-1, B-2, B-3**
   1. Single
   2. Married Filing Jointly
   3. Married Filing Separately
   4. Head of Household
   5. Qualifying Widow(er) with Dependent Child

***Qualifying Widower.***

1. Mrs Doe is divorced

* Pays more than 50% cost of keeping up the home she shares with her 20-year-old daughter, Emily
* Emily is single, works part time, and earned $4000 that she spent on clothing. She is not a student.

Can Mrs. Doe file as Head of Household? **Ref: 4012 – 2013- Page B-1, B-2, B-3**, **C-5, C-6**

***Not a Qualifying Child***

* + - ***>18 years of age***
    - ***Not a student***

***Not a Qualifying Relative Dependent Income >$3,900***

1. Mr Buck provides total support for his two children, ages 15 & 16, who lived with him all year.

* His wife died in 2010, and he has not remarried.

What is the best filing status for Mr. Buck in TY2013?

What was his best filing status for TY 2012? **Ref: 4012 – 2013- Page B-1, B-2, B-3**

***HEAD OF HOUSEHOLD***

***The best filing status in TY20013 would be Head of Household***

***The best filing status in TY 2012 would have been Qualifying Widower***

1. Jane, 69, whose husband died July 1, 2013 had a $20,000 pension and $15,000 in social security in the tax year.

* Her 10-year-old grandson lived with her and is her dependent.

What is the best filing status for Jane?

Assuming nothing changes, what would be the best filing status for the next 3 tax years? **Ref: 4012 – 2013- Page B-1, B-2, B-3**

***MARRIED FILING JOINT***

***Assuming nothing changes, the best filing status for the next 3 tax years would be:***

* + ***HEAD OF HOUSEHOLD – next two (Qualifying Widower does not apply to grandparents)***
  + ***HEAD OF HOUSEHOLD – third year***

1. Luke and Linda are still married, but chose to live apart for most of the year

* Their two children lived with Linda all year
* In July, Luke was out of a job so he moved back in the house for just that month

What filing status can they each choose? **Ref: 4012 – 2013- Page B-1, B-2, B-3**

**MFJ or MFS (both must use same status)**

1. Dick and Jane are married, lived apart all year, and are filing separate returns.

* Their 25-year-old daughter Jody lived with Jane all year while attending school full-time. Jane provided more than 50% of Jody’s support and more than 50% of the cost of keeping up the home.
* Jody earned $2500 during the summer.

What is Jane’s best filing status?

Assuming Jane uses her best filing status, what is Dick’s filing status? **Ref: 4012 – 2013- Page B-1, B-2, B-3, C-5, C-6**

***Jane - HEAD OF HOUSEHOLD***

***Dick – MARRIED FILING SEPARATELY***

1. Sarah, age 62, has a 40 year old son living with her.

* He earned $40,000 and put all of it in the bank.

Can Sarah claim Head of Household? **Ref: 4012 – 2013- Page B-1, B-2, B-3**

***NO - son must be either a Qualifying Child or a Qualifying Relative***

* 1. ***Not a Qualifying Child: age***
  2. ***Not a Qualifying Relative: income >$3900***

1. Bob and Mary are married, lived apart all year, and are filing separate returns.

* Their 35-year-old son Ben lived with Bob all year while attending school full-time.
* Ben earned $3900 during the summer.

What is Bob’s best filing status? **Ref: 4012 – 2013- Page B-1, B-2, B-3, C-6**

***MARRIED FILING SEPARATELY***

1. Mary Stewart and her husband, Fred, support their daughter, Sally, and Sally’s 2 children.

* Sally has never been married.
* Sally, age 38, and the children ages 4 and 6 moved in with Mary and Fred.in January 2012.
* Sally earned $10,000 as a part time secretary in the current tax year.
* Mary earned $50,000 as a teacher in the current tax year.
* On May 20, 2012 Fred died suddenly of a heart attack.
* Neither Mary nor Sally remarried and Mary continues to support Sally and the children.

What is the best filing status for Mary in the current tax year?

What is the best filing status for Sally in the current tax year?

**Ref: 4012 – 2013- Page B-1, B-2, B-3, C-5, C-6**

***Mary: Head of Household Grandchildren can be qualifying children of either Mary or Sally. Mary can claim the children as her qualifying children because her AGI is greater than Sally’s AGI. Mary cannot claim Qualifying Widow(er) because the children are her grandchildren.***

***Sally: Single She does not pay ½ of household expenses so cannot be HOH). However, Sally could claim her children as her qualifying children instead of Mary claiming them and get EIC and CTC.***

**Exemptions**

1. John supports his wife’s uncle George who lives in another city and has $2400 of taxable income. John files MFJ.

Can John claim George as a dependent if all other tests are met?

**Ref: 4012 – 2013- Page C-5**

***Yes - George does not have to live with John and his wife to be claimed. He is a relative.***

1. John is also supporting his own cousin who earns $3000 and lives in another city. Can John claim him? **Ref: 4012 – 2013- Page C-5**

***NO – His cousin is not a qualifying relative***

1. John and his wife get divorced. John continues to support his wife’s uncle George who lives in another city. Can John still claim him? **Pub 17 Page 32**

***YES – All the relationships that were established by marriage are not ended by death or divorce. Pub 17 Page 32***

1. Ralph is 64 and lives with his son and daughter-in-law all year. Ralph earned $4700.

Can Ralph’s son claim him as a dependent? **Ref: 4012 – 2013- Page C-5**

**NO** – income over $3,900

1. Jennifer, age 25, is a full-time student who lived at home with her parents all year.

* Jennifer made $3000 and her parents provided over half of her support.

Is Jennifer a Qualifying Child?

Can she be claimed by her parents as a dependent?

**Ref: 4012 – 2013- Page C-4, C-5**

**NO - *She is not a QC satisfies the residency and relationship tests, but not the age test.***

**Yes – She can be a Qualifying relative.**

1. Patricia’s parents died and she lives with her grandparents. Patricia, age 23, makes $3500 working as a temp. She puts her wages in a savings account for her 1 year old son, Anthony.

Is Patricia a Qualifying Child or a Qualifying Relative or neither? **Ref: 4012 – 2013- Page C-5**

***Qualifying Relative***

* + - ***She is their granddaughter***
    - ***She earned less than $3,900***
    - ***Grandparents provided >50% support***
    - ***Not the Qualifying Child of anyone***
    - ***Can be claimed if all other tests met***

1. Ivan’s son, John, is supporting his father and his father’s friend, Fred, who lives with them.

* Fred’s only income is social security of $5000.

Can John claim Fred?

**Ref: 4012 – 2013- Page C-6**

***YES - gross income test does not count income that is exempt from tax, e.g., S/S***

Can John claim his father, Ivan, if Ivan has a taxable pension of $400 a month? **Ref: 4012 – 2013- Page C-6**

**No – Ivan’s income is > $3900**

1. Stacy has a son, Ben, age 14, and they lived with Stacy's boyfriend (who is not Ben's father) all year. Stacy was never married.

* Stacy made $7,000 and her boyfriend made $50,000.

Can Stacy’s boyfriend claim Ben as a dependent**?**

If Stacy’s income was 12,000, could Stacy’s boyfriend claim Ben as a dependent?

**Ref: 4012 – 2013- Page C-5,A-1**

***Yes, Stacy does not have to file a return or files only to get back withholding***

* + ***Ben could be a Qualifying Relative Dependent of Stacy’s boyfriend***
  + ***It might be more beneficial, however, for Stacy to file for EIC***

***No, Stacy does have to file a return***

* + ***Ben would be a Qualifying Child of Stacy***