



SAVE FIRST

VOLUNTEER TRAINING NOTES



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REVIEW: EXEMPTIONS

1. True or False: Every Taxpayer can claim a personal exemption for himself.
2. Rebecca is unmarried with one child, Colin. Colin is 8 years old and lives full time with his mother, who provides all of his support. He is a U.S. citizen, and no other adults live in their household. Can Rebecca claim Colin as a dependent? Use the Publication 4012.
3. Paul is a U.S. citizen who is 26 years old, permanently disabled, unmarried, did not pay for more than half of his support and lived with his parents for the entire year. Can Paul be claimed as a dependent by his parents?
4. Roderick, age 29, lives with his uncle. Last year, he worked part-time and earned \$2,100. His uncle provided for the rest of his support, including rent and household costs. Can his uncle claim Roderick as a dependent? Can Roderick claim a personal exemption?
5. Gina Brown provides all support for her uncle. Uncle Jim is unmarried, 72 years old, and lives in another city. He has no gross income for the calendar year. Can Gina claim Uncle Jim as a dependent?

REVIEW: FILING STATUS

1. Lily left her husband in August of the tax year, but they did not get divorced. She took her children with her, supported them during all of the tax year, and will claim them as dependents. Lily refuses to file a joint return with her husband. Which filing status should she use?
2. Em left her husband in February of the tax year, but they did not get divorced. She took her children with her, supported them all year, and will claim them as dependents. Em refuses to file a joint return with her husband. Which filing status should she use?
3. Lane, a single woman, lives alone. She provides full support for her mother, Theresa, who lives in a nearby town. Since Theresa had no income for the year, Lane paid all costs to maintain her home and will claim her as a dependent. What is Lane's filing status?
4. Brian and Ashley were happily married since 1965. They had no children, but Brian's brother, who they claim an exemption for, lived with them for the last 10 years. Ashley passed away two years ago. Even after her death, Brian continued to maintain the entire cost for the home and his brother still lived there. What is Brian's filing status?

REVIEW: EXPENSES

1. Julie spent the following amounts on child care for her 10-year-old daughter Melissa. Are any of these eligible costs for the Child & Dependent Care Expenses Credit?
 - a. \$300 for overnight camp
 - b. \$1000 to her ex-husband for after school-care
 - c. \$1500 to her mother for after-school care
 - d. \$500 to her 15-year-old son for babysitting
2. Bob, age 48, contributed \$600 to an IRA during the tax year. During the year, he worked full-time and had an AGI of \$24,000. He is not a student. Is Bob eligible to claim the Retirement Savings Contribution Credit?

REVIEW: SCOPE OF SERVICE QUESTIONS

1. Margaret has filled out her I/I form and after the interview you conduct, you conclude she has the following types of income: User your scope of service chart!
 - a. Wages(W-2)
 - b. Interest(1099-INT)
 - c. Alimony Income
 - d. Retirement (Form 1099-R)
 - e. Social Security Benefits(SSA-1099)
2. Margaret has filled out her I/I form and after the interview you conduct, you conclude she has the following types of expenses: Use your scope of service chart!
 - a. Supplies for Classroom(She's a teacher)
 - b. Student Loan Interest
 - c. Charitable Donations
 - d. Prescription Drugs
 - e. Penalty on early withdrawal from her savings account(1099-INT)

REVIEW: REFUNDABLE CREDITS

1. Sharon, who has an earned income and AGI of \$15,525, takes care of her sister's son, Eric. If Eric is 12 years old and began living with Sharon in August, can Sharon claim the EIC?
2. Doug and Donna are married and live together with their 4-year-old son Sam. Their combined earned income is \$25,000, but they file separately. Doug reports an AGI of \$11,000 on his return, and Donna reports AGI of \$14,000. Can Doug and/or Donna claim the EIC?

3. Doug and Donna are still married and still live together with Sam, but now they decide to file a joint return. Their combined earned income and AGI are \$25,000. Can they claim the EIC on this return?

4. Tom is 64 years old, retired and collected \$10,000 of social security during the tax year. He does not have any qualifying children. Can he claim the EIC on his return?

REVIEW: SCOPE OF SERVICE QUESTIONS

1. Luther Lockett has filled out their I/I form and after the interview you conduct, you conclude they have the following types of income:
 - a. 1099-INT
 - b. W-2
 - c. 1099-R
 - d. SSA-1099
 - e. 1099-MISC box 7

2. Luther Lockett has filled out their I/I form and after the interview you conduct, you conclude they have the following types of expenses:
 - a. Prescription drugs
 - b. Doctor co-pays
 - c. After-school expenses for 7 year old daughter while at work
 - d. 1098-T education expenses for son who is a freshman at University of Alabama

3. Luther Lockett has filled out their I/I form and after the interview you conduct, you conclude the following about their health care coverage for the year: They received a 1095-A in the mail from the marketplace for months July-December and did not have coverage in January-June. Can you complete the health insurance section?

4. Lester Loving has filled out their I/I form and after the interview you conduct, you conclude the following about their health care coverage for the year: They had health insurance through their employer all year. Their daughter(a dependent) had health insurance through Medicaid all year. Can you fill out the health insurance section?

5. Anna has filled out her I/I form and after the interview you conduct, you conclude she has the following types of expenses:
 - a. Daycare expenses for son
 - b. Education Expenses for her daughter(1098-T)
 - c. Contributed to a retirement account through her job(indicated in Box 12 and 13 of W-2)

REVIEW: IRS EXAM PRACTICE

- Bob is 46 and made \$45,000 in wages in 20XX. He divorced his wife three years ago and has not remarried. He pays all the cost of keeping up his home.
 - Bob's daughter, Joan, lived with him all year.
 - Joan is 27, single, and had no income in 20XX. She is not disabled.
 - Joan's baby, Sara, was born two years ago. Sara lived in Bob's home since birth.
 - Bob provides more than half of the support for both Joan and Sara.
 - Bob, Joan, and Sara are all U.S. citizens with valid Social Security numbers.

-Who can Bob claim as a qualifying child(ren) for the earned income credit?

- a. Bob has no qualifying children.
- b. Bob can claim Joan, but not Sara.
- c. Bob can claim Sara, but not Joan.
- d. Bob can claim both Joan and Sara.

-Who can claim Sara as a dependent?

- a. Joan can claim Sara because she is Sara's mother.
- b. Bob can claim Sara. Joan cannot claim Sara because Joan is Bob's dependent.
- c. Bob cannot claim Sara because Sara is not Bob's child.
- d. No one can claim Sara.

- Will has lived in the United States since 2000 and has an Individual Taxpayer Identification Number (ITIN).
 - Will is single and 24 years old.
 - Will has one child, R.J., who is 3 years old and lived with him all year.
 - Will earned \$26,700 in wages. He had no other income.
 - Will provided all the support for R.J. and all the costs of keeping up their home.
 - Will paid for R.J. to attend day care while he worked.
 - R.J. has a valid Social Security number and is a U.S. citizen.

-Will may claim R.J. as a dependent on his tax return.

- a. True
- b. False

-Is Will able to claim R.J. as a qualifying child for the earned income credit (EIC)?

- a. Yes, because his income is below the threshold for claiming EIC.
- b. Yes, because R.J. has a Social Security number.
- c. No, because Will has an ITIN.
- d. Both a and b

-Which benefit(s) can Will claim on his tax return? (Choose the best answer)

- a. Child and dependent care credit
- b. Child tax credit

- c. Head of Household filing status
- d. All of the above
- John and Marsha are both 30 years old.
 - They are not married and lived together all year.
 - Marsha had \$35,000 in wages during 20XX. John earned \$10,000 in wages.
 - John has two children from a previous relationship. Mark is 9 and Kevin is 6 years old.
 - Mark and Kevin lived with Marsha and John for all of 20XX. Mark and Kevin did not provide over half of their own support.
 - Marsha paid all the rent, utilities, and household expenses. John occasionally paid for groceries but did not pay any household expenses.
 - John, Marsha, Mark, and Kevin are all U.S. citizens with valid Social Security numbers.

-What are the correct filing statuses?

- a. Both John and Marsha must file as Single.
- b. John and Marsha can choose which one files as Head of Household.
- c. Both John and Marsha can file as Head of Household.
- d. John can file as Head of Household and Marsha must file as Single.

-Is it allowable for John and Marsha to each claim one qualifying child for the earned income credit on their individual returns?

- a. Yes
- b. No

ANSWER KEY

REVIEW: EXEMPTIONS

- FALSE : A taxpayer who can be claimed as a dependent by someone else CANNOT claim an exemption for him/herself.
- Yes: Colin meets all the requirements to be claimed as a qualifying child.
- Yes. Paul meets all the requirements to be claimed as a qualifying child.
- YES. His uncle can claim Roderick as a qualifying relative. NO. Roderick cannot claim a personal exemption because he can be claimed as a dependent.
- Yes. Jim meets all of the requirements to be a qualifying relative of Gina

REVIEW: FILING STATUS

1. Married Filing Separately. Because Lily lived with her husband for some part of the last six months of the year, she cannot file as Head of Household.
2. Head of Household. A legally married taxpayer can be considered unmarried and file as HoH if he/she has not lived with the spouse at any time during the last six months of the tax year.
3. Head of Household. A taxpayer can file as Head of Household on the basis of a dependent parent who does not live with him/her only if the taxpayer pays $\frac{1}{2}$ of the costs of keeping up the parent's home.
4. Head of Household. Brian cannot file as Qualifying Widow(er) with dependent child, because his brother is NOT his dependent child. Even though he is his dependent, he is not Brian's child.

REVIEW: EXPENSES

1. Julie spent the following amounts on child care for her 10-year-old daughter Melissa. Are any of these eligible costs for the Child & Dependent Care Expenses Credit?
 - a. \$300 for overnight camp-NO
 - b. \$1000 to her ex-husband for after school-care- NO
 - c. \$1500 to her mother for after-school care-YES
 - d. \$500 to her 15-year-old son for babysitting- NO
2. Yes: Bob contributed to an IRA, meets the age and AGI limits, is not a dependent and is not a full-time student.

REVIEW: SCOPE OF SERVICE QUESTIONS

1. Margaret has filled out her I/I form and after the interview you conduct, you conclude she has the following types of income: Use your scope of service chart!
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 - c. ~~Alimony Income~~
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2. Margaret has filled out her I/I form and after the interview you conduct, you conclude she has the following types of expenses: Use your scope of service chart!
 - a. ~~Supplies for Classroom(She's a teacher)~~
 - b. ~~Student Loan Interest~~
 - c. ~~Charitable Donations~~
 - d. ~~Prescription Drugs~~
 - e. Penalty on early withdrawal from her savings account(1099-INT)

REVIEW: REFUNDABLE CREDITS

1. No. Sharon's AGI is too high to claim the EIC alone, and since Eric lived with her for less than half a year, he is not her qualifying child
2. No. Neither can claim the EIC because both have a filing status of Married Filing Separately
3. Yes. Their joint income is low enough to claim the EIC with one qualifying child (Sam)
4. No. Tom does not have any earned income

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 - b. W-2
 - c. ~~1099-R~~
 - d. SSA-1099
 - e. ~~1099-MISC box 7~~
2. Luther Lockett has filled out their I/I form and after the interview you conduct, you conclude they have the following types of expenses:
 - a. ~~Prescription drugs~~
 - b. ~~Doctor co-pays~~
 - c. After-school expenses for 7 year old daughter while at work
 - d. ~~1098-T education expenses for son who is a freshman at University of Alabama~~
3. No, a more advanced volunteer will need to enter the 1095-A and screen them for exemptions for the months January-June
4. YES! Since they did not purchase health insurance through the marketplace and had MEC all year, you can fill out the health insurance section.
5. Anna has filled out her I/I form and after the interview you conduct, you conclude she has the following types of expenses:
 - a. Daycare expenses for son
 - b. ~~Education Expenses for her daughter(1098-T)~~
 - c. Contributed to a retirement account through her job(indicated in Box 12 and 13 of W-2)

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- Will paid for R.J. to attend day care while he worked.
- R.J. has a valid Social Security number and is a U.S. citizen.

-Will may claim R.J. as a dependent on his tax return.

- a. ~~True~~
- b. ~~False~~

-Is Will able to claim R.J. as a qualifying child for the earned income credit (EIC)?

- a. ~~Yes, because his income is below the threshold for claiming EIC.~~
- b. ~~Yes, because R.J. has a Social Security number.~~
- c. ~~No, because Will has an ITIN.~~
- d. ~~Both a and b~~

-Which benefit(s) can Will claim on his tax return? (Choose the best answer)

- a. ~~Child and dependent care credit~~
- b. ~~Child tax credit~~
- c. ~~Head of Household filing status~~
- d. ~~All of the above~~

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- b. ~~John and Marsha can choose which one files as Head of Household.~~
- c. ~~Both John and Marsha can file as Head of Household.~~
- d. ~~John can file as Head of Household and Marsha must file as Single.~~

-Is it allowable for John and Marsha to each claim one qualifying child for the earned income credit on their individual returns?

a. Yes

b. No