

For Use
in Preparing
Tax Year 2007
Returns

VITA/TCE
Publication 4012

Volunteer
Resource Guide



Also see

**Link &
Learn Taxes**



@ www.irs.gov

Coming Together
to Strengthen
Communities



Department of the Treasury
Internal Revenue Service

www.irs.gov

Publication 4012 (Rev. 2007)
Catalog Number 34183E

2007

Technical Updates

Tax law changes implemented after this product was published may cause various forms, tables, and worksheets to change. The supplemental changes (if any) are normally available in mid-December on www.irs.gov (keyword: Community Network).

Technical updates are also conveyed in Volunteer Quality Alerts during the filing season on www.irs.gov. Also, consult your course facilitator and/or site coordinator.

The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.



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Confidentiality Statement

All tax information received from taxpayers in your volunteer capacity is strictly confidential and should not, under any circumstances, be disclosed to unauthorized individuals and should be properly safeguarded.

All persons, scenarios and addresses appearing in this product are fictitious. Any resemblance to persons living or dead is purely coincidental.

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How to Use This Guide

This publication is designed to assist you in preparing an accurate paper or software-prepared return using TaxWise®.* It is divided into three major sections—Tax Law, TaxWise®, and TaxWise® Online. The white tabs contain tax law in the form of decision trees, charts, and interview tips. The yellow tabs contain step-by-step procedures for electronic return preparation using TaxWise® software. The blue tabs contain information specific to users of the web-based option for TaxWise®.

TaxWise® Online users should take advantage of both the yellow and blue tabs since material that is universal for both forms of TaxWise® is presented in the yellow tab section.

The decision trees and interview tips in the Tax Law section are from your training materials and Publication 17, Your Federal Income Tax Guide (For Individuals). Use these tools during the dialogue with the taxpayer—“ask the right questions; get the right answers.”

*TaxWise® is a copyrighted software program owned by Universal Tax Systems, Inc. The screen shots in this publication should not be extracted, copied, or distributed without written approval of the IRS.

Caution:

1. Some of the TaxWise® screen shots in this guide may not be updated for 2007 tax law. Generally, the screens depicted mirror the 2007 version. However, there are some instances where there are embedded references to Tax Years 2005 and 2006.
2. Not all forms are authorized for all volunteer programs. Forms intended specifically for the Military VITA Program will be annotated as such. Volunteers should only provide tax assistance based on their level of certification—basic, intermediate, advanced, military, or international.

Are You Ready to Get Started?

Complete this assessment by entering a check mark in the box for “Yes.” Resolve all “No” (unchecked boxes) responses with your site coordinator before assisting taxpayers.

1. Have you signed:

- a. The Volunteer Agreement/Standards of Conduct?
- b. The Property Loan Agreement (if applicable)?

2. Do you know the following:

- a. Your duties at the site?
- b. Site contacts (emergency, reporting delays, technical issues, etc.)?
- c. When you are expected at the site?
- d. Your site identification number (SIDN)?

3. Do you have your:

- a. Volunteer Resource Guide (Publication 4012)?
- b. Guide to Federal Income Tax (Publication 17)?
- c. Wallet card (Form 13645) depicting your certification level (if applicable)?

4. Are the following items at the site:

- a. Intake and Interview Sheets (Form 13614 or equivalent)?
- b. Overprinted return forms, schedules, worksheets, etc.?

Volunteer Quality Alerts (VQAs)

For the latest volunteer tax law updates and other helpful tips throughout the filing season you can go to www.IRS.gov—keyword: Volunteer Quality Alerts. Your site coordinator should share these messages with you.



The five-step interview process

interview steps

Goal

Suggested Actions

step
1

Cultivate a comfortable environment and put the taxpayer at ease.

- Introduce yourself; engage in small talk (discuss the weather, difficulty in locating the site, apologize if long wait, etc.).
- Explain the tax return preparation process—the interview, how the information they provide will assist you in determining whether they must file a return, their eligibility for tax credits, etc.
- Allow the taxpayers to share any expectations, needs, and/or concerns by asking whether they have questions before beginning and encouraging them to ask questions throughout the process.

step
2

Use active listening skills.

- Watch for nonverbal listening cues (tone of voice, body language, eye contact, etc.).
- Listen, then respond by restating, paraphrasing, and/or encouraging further dialogue.

step
3

Review the taxpayer's responses to the intake questions (Form 13614 or equivalent).

- Confirm all the information completed by the taxpayer on the Intake form (Form 13614 or equivalent)
- Review all the information documents presented by the taxpayer including W-2s, 1099s, 1098s, etc.
- Scan the information for completeness.

step
4

Working with the taxpayer, complete the critical intake questions – page 2 of Form 13614 or equivalent.

- Don't assume—use the interview tips and decision trees in Publication 4012 to confirm:
 - Marital status (filing status)
 - Number of exemptions
 - Eligibility for Child Tax Credit
 - Eligibility for the Earned Income Credit

step
5

Advise taxpayer of the next steps.

- Restate the return preparation process, quality review procedures, signature and record keeping requirements, etc.

Department of the Treasury – Internal Revenue Service

Volunteer Agreement

(Standards of Conduct – Volunteer Return Preparation Program)

- Treat all taxpayers professionally, with courtesy and respect.
- Safeguard the confidentiality of taxpayer information.
- Apply the tax laws equitably and accurately to the best of your ability.
- Only prepare returns within the scope of your training and certification level (Basic, Advanced, etc).
- Exercise reasonable care in the use and protection of equipment and supplies.
- **Do not** solicit business from taxpayers you assist or use the knowledge you gained about them for any direct or indirect personal benefit for yourself or any other specific individual or organization.
- **Do not** accept payment from the taxpayer for any services provided. Compensation as an employee of a program sponsor is acceptable.

You (and Spouse) will need:

- Proof of Identity
- Copies of ALL W-2, 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all Individuals to be listed on the return
- Child care provider's identification number
- Banking information (checking and/or savings account) for direct deposit/debit
- Amounts/dates of estimated or other tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name		M.I.	Last Name		2. SSN or ITIN	
3. Date of Birth (mm/dd/yyyy)	4. US Citizen or Resident Alien <input type="checkbox"/> Yes <input type="checkbox"/> No		5. Legally Blind <input type="checkbox"/> Yes <input type="checkbox"/> No		6. Totally and Permanently Disabled <input type="checkbox"/> Yes <input type="checkbox"/> No	
7. Spouse's First Name		M.I.	Last Name		8. SSN or ITIN	
9. Date of Birth (mm/dd/yyyy)	10. US Citizen or Resident Alien <input type="checkbox"/> Yes <input type="checkbox"/> No		11. Legally Blind <input type="checkbox"/> Yes <input type="checkbox"/> No		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input type="checkbox"/> No	
13. Address			Apt #	City		State Zip Code
14. Phone Number and e-mail address Phone: () e-mail:				15. Can you or your spouse be claimed as a dependent on the income tax return of any other person for 2007? <input type="checkbox"/> Yes <input type="checkbox"/> No		
16. On December 31, 2007:						
a. Were you: <input type="checkbox"/> Single <input type="checkbox"/> Legally Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed						
b. If married, were you living together (with your husband/wife) on/after June 30, 2007? <input type="checkbox"/> Yes <input type="checkbox"/> No						
c. Was your spouse deceased? If yes, provide the date of death. _____ (mm/dd/yyyy)						
17. Did you pay more than half the cost of keeping up the home for the year? <input type="checkbox"/> Yes <input type="checkbox"/> No						

Part II. Family and Dependent Information – Do not include you or your spouse.

Print the name of everyone who lived in your home and outside your home that you supported during the year.

Name (first, last)	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship to you (son, daughter, etc.)	Number of months person lived with you in 2007	US Citizen, Resident of US, Canada or Mexico (yes or no)	Is the dependent a full time student born before 1989? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)

Paperwork Reduction Act Notice

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.

Volunteer Preparer Instructions: In order to complete an accurate return you must conduct a thorough interview. This intake sheet does not constitute a complete interview. **Remember to ask the taxpayer for all their documentation.** Based on your interview with the taxpayer be sure to note changes to information on the intake sheet. Confirm information on page 1 with taxpayer.

Use the decision trees in **Publication 4012,**
Volunteer Resource Guide while discussing the questions below with the taxpayer.

Part III. Filing Status & Dependency Determination

B Based on the interview, the filing status of the taxpayer is: Single MFJ MFS* HOH QW

*Spouse Name _____ Social Security Number _____

- C** Yes No 1. Did you provide more than 50% of the support for the dependents claimed?
 Yes No 2. Can anyone else claim any of these dependents on their income tax return?
 Yes No 3. Were any of these dependents permanently and totally disabled in 2007?
 Yes No 4. Did any of these dependents file a joint return for 2007?
_____ 5. Based on the interview, how many individuals qualify as dependents for this return?

COMMONLY USED INCOME AND EXPENSES

Part IV. Income – In 2007, did you (or your spouse) receive: **D**

- Yes No 1. Wages or Salary (include W-2s for all jobs worked during the year)
 Yes No 2. Disability income
 Yes No 3. Interest/Dividends from: checking or savings account, bonds, CDs, or brokerage account
 Yes No 4. State tax refund (may be taxable if you itemized last year)
 Yes No 5. Alimony income
 Yes No 6. Tip income
 Yes No 7. Pension and/or IRA distribution
 Yes No 8. Unemployment (1099-G)
 Yes No 9. Social Security or Railroad Retirement Benefits (1099-SSA or RRB)
 Yes No 10. Self Employment Income - business, farm, hobby (**1099-Misc or any earned income not reported on W-2**)
 Yes No 11. Other Income such as gambling winnings, awards, prizes and Jury Duty pay, etc.

Part V. Adjustments – In 2007 did you (or your spouse) make: **E**

- Yes No 1. Contributions to IRA, 401k or other retirement account
 Yes No 2. Alimony payments (if yes, you must provide the name and SSN of the recipient)
 Yes No 3. Education related expenses

Part VI. Itemized Deductions – Did you (or your spouse) have 2007 expenses for: **F**

- Yes No 1. Un-reimbursed medical expenses
 Yes No 2. Home mortgage payments (interest and taxes – see Form 1098)
 Yes No 3. Charitable contributions

Part VII. Credits – In 2007 did you (or your spouse) have: **G**

- Yes No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
 Yes No 2. Educational expenses for you (or your spouse) and/or your dependents
 Yes No 3. Retirement Contribution to a traditional IRA, Roth IRA or 401k as shown on Form W-2

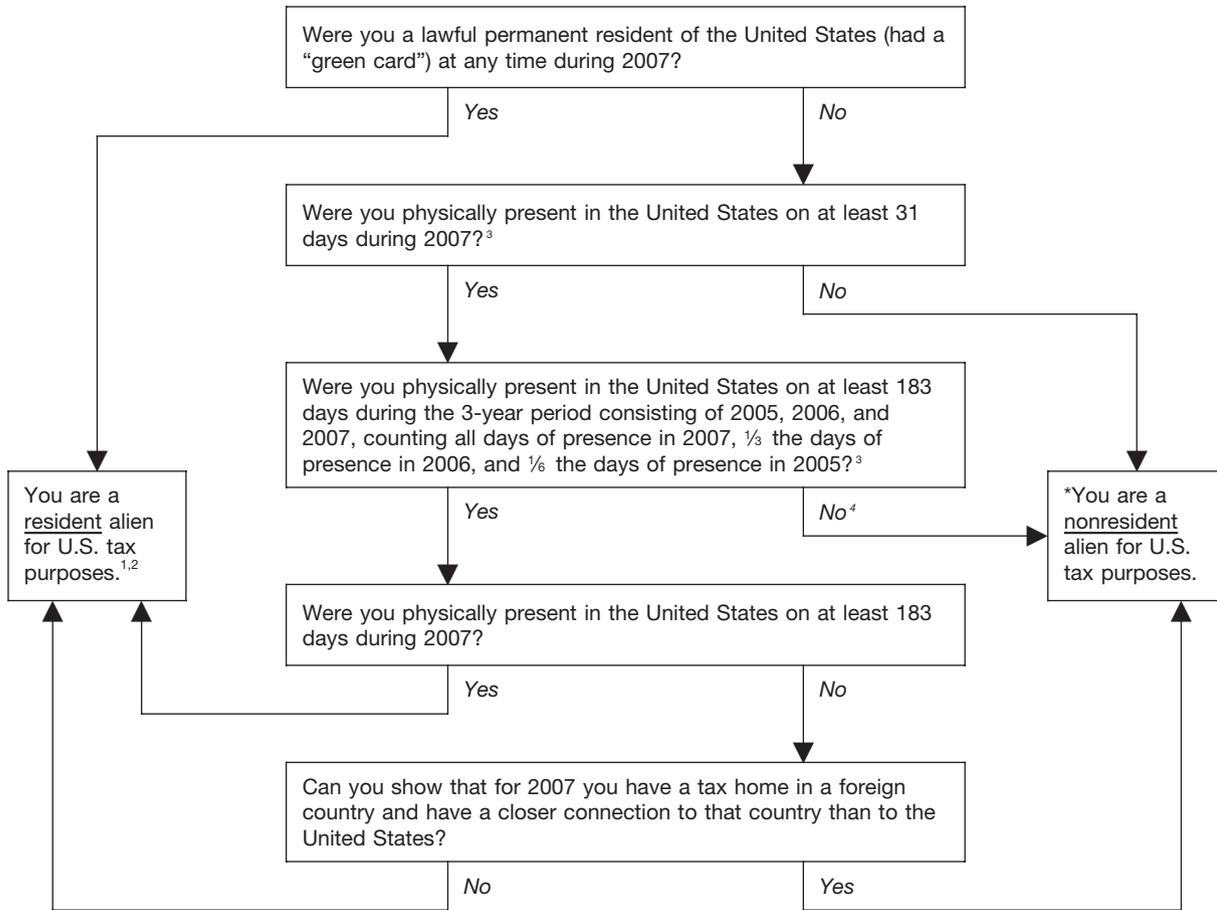
Part VIII. Earned Income Tax Credit Determination – EITC Eligibility **H**

- Yes No 1. Was EITC previously disallowed? (if yes, taxpayer may not be eligible for EITC)
 Yes No 2. Based on the interview, is the taxpayer qualified for EITC?

Determining Residency Status—Decision Tree

Nonresident Alien or Resident Alien?

Start here to determine your residency status for 2007



¹ If this is your first or last year of residency, you may have a dual status for the year.

² In some circumstances you may still be considered a nonresident alien under an income tax treaty between the U.S. and your country. Check the provisions of the treaty carefully.

³ See *Days of Presence in the United States* in Publication 519 for days that do not count as days of presence in the United States.

* If it is determined that the taxpayer is a nonresident alien for U.S. tax purposes, volunteers should refer those taxpayers to the site coordinator, unless they have been trained and certified to prepare tax returns (Forms 8843, 1040NR, or 1040NR-EZ) for nonresident aliens.



Chart A—For Most People, Who Must File

IF your filing status is . . .	AND at the end of 2007 you were* . . .	THEN file a return if your gross income** was at least . . .
Single	under 65	\$8,750
	65 or older	10,050
Married filing jointly***	under 65 (both spouses)	\$17,500
	65 or older (one spouse)	18,550
	65 or older (both spouses)	19,600
Married filing separately (see page 17)	any age	\$3,400
Head of household (see page 17)	under 65	\$11,250
	65 or older	12,550
Qualifying widow(er) with dependent child (see page 17)	under 65	\$14,100
	65 or older	15,150

* If you were born on January 1, 1943, you are considered to be age 65 at the end of 2007.

** **Gross income** means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States (even if you can exclude part or all of it). **Do not** include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 2007.

*** If you did not live with your spouse at the end of 2007 (or on the date your spouse died) and your gross income was at least \$3,400, you must file a return regardless of your age.



Chart B—For Children and Other Dependents

(See the instructions for line 6c that begin on page 15 to find out if someone can claim you as a dependent.)

If your parent (or someone else) can claim you as a dependent, use this chart to see if you must file a return.

In this chart, **unearned income** includes taxable interest, ordinary dividends, and capital gain distributions. **Earned income** includes wages, tips, and taxable scholarship and fellowship grants. **Gross income** is the total of your unearned and earned income.

Single dependents. Were you **either** age 65 or older **or** blind?

- No.** You must file a return if **any** of the following apply.
- Your unearned income was over \$850.
 - Your earned income was over \$5,350.
 - Your gross income was more than the **larger** of—
 - \$850, or
 - Your earned income (up to \$5,050) plus \$300.
- Yes.** You must file a return if **any** of the following apply.
- Your unearned income was over \$2,150 (\$3,450 if 65 or older **and** blind).
 - Your earned income was over \$6,650 (\$7,950 if 65 or older **and** blind).
 - Your gross income was more than—

The larger of:	Plus	This amount:
<ul style="list-style-type: none"> \$850, or Your earned income (up to \$5,050) plus \$300 	}	\$1,300 (\$2,600 if 65 or older and blind)

Married dependents. Were you **either** age 65 or older **or** blind?

- No.** You must file a return if **any** of the following apply.
- Your unearned income was over \$850.
 - Your earned income was over \$5,350.
 - Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
 - Your gross income was more than the **larger** of—
 - \$850, or
 - Your earned income (up to \$5,050) plus \$300.
- Yes.** You must file a return if **any** of the following apply.
- Your unearned income was over \$1,900 (\$2,950 if 65 or older **and** blind).
 - Your earned income was over \$6,400 (\$7,450 if 65 or older **and** blind).
 - Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
 - Your gross income was more than—

The larger of:	Plus	This amount:
<ul style="list-style-type: none"> \$850, or Your earned income (up to \$5,050) plus \$300 	}	\$1,050 (\$2,100 if 65 or older and blind)



Chart C—Other Situations When You Must File

You must file a return if any of the four conditions below apply for 2007.

1. You owe any special taxes, including any of the following.
 - a. Alternative minimum tax.
 - b. Additional tax on a qualified plan, including an individual retirement arrangement (IRA), or other tax-favored account. But if you are filing a return only because you owe this tax, you can file **Form 5329** by itself.
 - c. Household employment taxes. But if you are filing a return only because you owe this tax, you can file **Schedule H** by itself.
 - d. Social security and Medicare tax on tips you did not report to your employer or on wages you received from an employer who did not withhold these taxes.
 - e. Write-in taxes, including uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on group-term life insurance and additional tax on health savings account distributions. See the instructions for line 63 that begin on page 42.
 - f. Recapture taxes. See the instructions for line 44, that begin on page 33, and line 63, that begin on page 42.
 - g. Additional tax on a health savings account from Form 8889, Part III.
2. You received any advance earned income credit (EIC) payments from your employer. These payments are shown in Form W-2, box 9.
3. You had net earnings from self-employment of at least \$400.
4. You had wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.

Chart D—Other Situations

Who Should File

You should file a return for any of the following conditions that apply for 2007:

- to claim a refund of withheld taxes,
- to file for EIC, if eligible,
- to claim the additional child tax credit,
- you qualify for the health coverage tax credit.



Which Form to File

Considerations	Form 1040EZ	Form 1040A	Form 1040
Filing Status	Single or Married Filing Jointly	Any	Any
Exemptions	Personal (No dependents)	Personal and Dependents	Personal and Dependents
Income Sources	Wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund Dividends and taxable interest not over \$1500	Same as 1040EZ plus: Interest, ordinary dividends, capital gain distributions, annuities, IRAs, taxable social security and railroad retirement benefits	Same as 1040A plus: Income from self-employment, certain tips, non-taxable distributions required to be reported as capital gains
Taxable Income	Line 6 is less than \$100,000	Line 27 is less than \$100,000	Line 43 is any amount
Adjustments	None	IRA deductions and student loan interest deduction	Any
Deductions	Standard deduction only. If filing a joint return, taxpayer and spouse must both be under the age of 65 and not blind at the end of 2007	Standard deduction only	Standard or itemized deductions
Tax Credits	None	Child tax credit (CTC), additional CTC credit, education credit, earned income credit, credit for child and dependent care expenses, credit for the elderly or disabled, adoption credit or retirement savings contributions	All



Who is a Qualifying Person Qualifying You To File as Head of Household

IF the person is your . . .	AND . . .	THEN that person is . . .
qualifying child (such as a son, daughter, or grandchild who lived with you more than half the year and meets certain other tests) ²	he or she is single	a qualifying person, whether or not you can claim an exemption for the person.
	he or she is married <u>and</u> you can claim an exemption for him or her	a qualifying person.
	he or she is married <u>and</u> you cannot claim an exemption for him or her	not a qualifying person. ³
qualifying relative ⁴ who is your father or mother	you can claim an exemption for him or her ⁵	a qualifying person. ⁶
	you cannot claim an exemption for him or her	not a qualifying person.
qualifying relative ⁴ other than your father or mother (such as a grandparent, brother, or sister who meets certain tests) ⁷	he or she lived with you more than half the year, <u>and</u> you can claim an exemption for him or her ⁵	a qualifying person.
	he or she did not live with you more than half the year	not a qualifying person.
	you cannot claim an exemption for him or her	not a qualifying person.

¹A person cannot qualify more than one taxpayer to use the head of household filing status for the year.

²The term “qualifying child” is defined under *Exemptions for Dependents*, later. **Note:** If you are a noncustodial parent, the term “qualifying child” for head of household filing status does not include a child who is your qualifying child for exemption purposes only because of the rules described under *Children of divorced or separated parents* under *Qualifying Child*, later. If you are the custodial parent and those rules apply, the child generally is your qualifying child for head of household filing status even though the child is not a qualifying child for whom you can claim an exemption.

³ This person is a qualifying person if the only reason you cannot claim the exemption is that you can be claimed as a dependent on someone else’s return.

⁴The term “qualifying relative” is defined under *Exemptions for Dependents*, later.

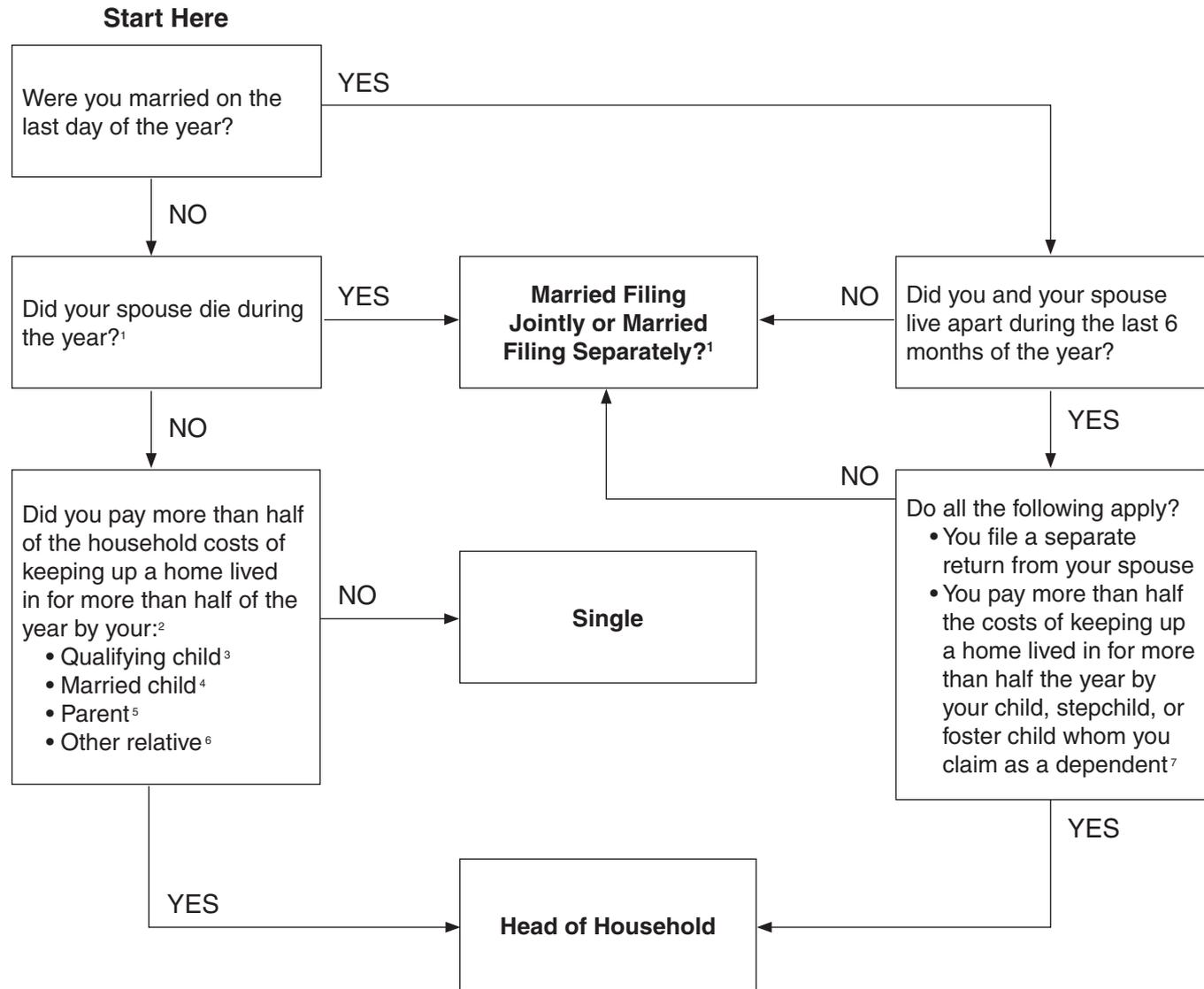
⁵If you can claim an exemption for a person only because of a multiple support agreement, that person is not a qualifying person. See *Multiple Support Agreement*.

⁶See *Special rule for parent* for an additional requirement.

⁷A person who is your qualifying relative only because he or she lived with you all year as a member of your household is not a qualifying person.



Determination of Filing Status



¹If you paid over half of household costs for your child, you can file as Qualifying Widow(er) for 2 years after the death of your spouse. Your child or stepchild (foster child is not included) must be your dependent and that child must have lived with you all year. You must have been entitled to file MFJ year of spouse's death (even if you didn't).

²See Publication 17, *Filing Status*, for rules applying to birth, death, or temporary absence during the year. Military deployment/TDY is a temporary absence and he or she is considered to have lived in your home.

³See Tab C for definition of a qualifying child.

⁴A married child includes grandchild, stepchild, or adopted child, but the child is not a qualifying person unless you can claim an exemption for the child. If you could claim an exemption for the child, except that the child's other parent claims the exemption under the special rules for a noncustodial parent, then the child is a qualifying person.

⁵A parent does not have to live with you if you paid more than half the cost of keeping up his or her main home for the entire year, but you must be able to claim an exemption for the parent.

⁶Other relatives include grandparent, brother, sister, stepbrother, stepsister, half brother, half sister, stepmother, stepfather, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law and, if related by blood, uncle, aunt, nephew, or niece. You must be able to claim an exemption for any of these individuals.

⁷Or child's other parent claims him or her under rules for children of divorced or separated parents.



Filing Status

interview tips

Probe/Action: Ask the taxpayer:

<p>step 1</p>	<p>Were you considered married in a legal union between a man and a woman as husband and wife on December 31 of the tax year (answer yes if state common law rules met or if spouse died during the year and you did not remarry by the end of the year.)?</p>	<p>If YES, go to Step 2. If NO, go to Step 5.</p>
<p>step 2</p>	<p>Do you and your spouse wish to file a joint return?</p>	<p>If YES, STOP. Your filing status is Married Filing Jointly. If NO, go to Step 3.</p>
<p>step 3</p>	<p>Did you have a qualifying child or any other relative whom you can claim as a dependent living in your home during the tax year?*</p>	<p>If YES, go to Step 4. If NO, STOP. Your filing status is Married Filing Separately.</p>
<p>step 4</p>	<p>Can you be considered unmarried?</p> <ul style="list-style-type: none"> ■ You file a separate return ■ You paid more than half the cost of keeping up a main home ■ Your spouse did not live in your home during the last 6 months (including temporary absences) of the tax year ■ Your home was the main home of your child, stepchild, or foster child for more than half the year ■ You must be able to claim an exemption for the child (Exception—noncustodial parent correctly claims exemption) 	<p>If YES, STOP. Your filing status is Head of Household. If NO, STOP. Your filing status is Married Filing Separately.</p>
<p>step 5</p>	<p>Did your spouse die in 2005 or 2006?</p>	<p>If YES, go to Step 6. If NO, go to Step 7.</p>
<p>step 6</p>	<p>Can you be considered a qualifying widow(er) with a dependent child?</p> <ul style="list-style-type: none"> ■ You were entitled to file a joint return with your spouse for the year your spouse died ■ You did not remarry before the end of this tax year ■ You have a dependent child who is a son, daughter, stepson, or stepdaughter whom you can claim as an exemption ■ You paid more than half the cost of keeping up a main home for you and that child for the entire year 	<p>If YES, STOP. Your filing status is Qualifying Widow(er) with Dependent Child. If NO, go to Step 7.</p>
<p>step 7</p>	<p>Do you have a qualifying person for Head of Household filing status?</p> <ul style="list-style-type: none"> ■ You paid more than half the cost of keeping up a main home ■ A qualifying person* lived with you more than half the year (exception for dependent parent or kidnapped child) 	<p>If YES, STOP. Your filing status is Head of Household. If NO, STOP. Your filing status is Single.</p>

*You cannot use Head of Household filing status based on any person who is your dependent only because he or she lived with you for all of 2007.

Exemptions

Exemptions (reduces the taxpayer's taxable income)

- Exemption Amount: \$3,400 for 2007
- Two types:
 1. Personal exemptions—one exemption for the taxpayer and, if married, one for his or her spouse; unless they can be claimed as a dependent by another person.
 2. Exemptions for Dependents—one exemption for each qualifying child and/or qualifying relative.
- Apply the rules for exemptions for dependents using the worksheets in the Forms 1040 and 1040A instruction booklets and the decision trees and interview tips in this publication.
- Dependents cannot claim exemptions for dependents. Taxpayers who are claimed as a dependent on someone else's return cannot claim any exemptions for their own dependents.

2007 Exemption Chart

\$3,400	X	1	=	\$ 3,400
\$3,400	X	2	=	\$ 6,800
\$3,400	X	3	=	\$10,200
\$3,400	X	4	=	\$13,600
\$3,400	X	5	=	\$17,000

Personal Exemptions (taxpayer and/or spouse)

- Cannot claim an exemption if he or she can be claimed as a dependent by another person; even if the other individual does not claim him or her as a dependent.
- If Married Filing Jointly, the taxpayer cannot be an exemption on another person's return.
- If Married Filing Separately, the taxpayer can take his or her own exemption if another taxpayer is not entitled to claim him or her as a dependent.
- If Married Filing Separately, the taxpayer can claim his or her spouse's exemption if the spouse had no gross income, is not filing a return, and cannot be claimed as a dependent on another person's return.
- To claim an exemption for a spouse, the taxpayer must be married on December 31, 2007.
- If his or her spouse died during the year, the taxpayer can claim his or her spouse's exemption if the taxpayer the did not remarry during the year. See Publication 17 for other considerations.
- The taxpayer cannot claim the spouse's exemption if a final decree of divorce or separate maintenance agreement was issued during the year.



Personal Exemptions

interview tips

Probe/Action: Ask the taxpayer:

step 1	Were you considered married during any part of the tax year? (answer YES if state common law rules met)	If YES , go to Step 2. If NO , go to Step 7.
step 2	Were you still considered married on December 31 of the tax year?	If YES , go to Step 5. If NO , go to Step 3. Note: Abandonment does not change marital status—answer YES if the taxpayer's responses to Steps 3 and 4 are NO.
step 3	Did you obtain a final decree of divorce or separate maintenance by December 31 of the tax year?	If YES , you cannot claim a personal exemption for your former spouse. Go to Step 7. If NO , go to Step 4.
step 4	Did your spouse die during the tax year?	If YES , go to Step 5. If NO , go back through Steps 1–3 and clarify answers.
step 5	Are you filing a joint tax return? Answer YES if you are filing a joint return to claim a refund and there would be no tax liability for either spouse if separate returns were filed.	If YES , go to Step 7. If NO , go to Step 6.
step 6	Did your spouse have income or can anyone else claim your spouse as a dependent?	If YES to either, you cannot claim a personal exemption for your spouse. Go to Step 7 to see about your own personal exemption. If NO to both, you can claim a personal exemption for your spouse.
step 7	Can anyone claim you or your spouse as a dependent on his or her return?	If YES , you cannot claim a personal exemption for yourself or your spouse. If NO , you can claim a personal exemption for yourself and your spouse.

Overview of the Rules for Claiming an Exemption for a Dependent

- You cannot claim any dependents if you, or your spouse if filing jointly, could be claimed as a dependent by another taxpayer.
- You cannot claim a married person who files a joint return as a dependent unless that joint return is only a claim for refund and there would be no tax liability for either spouse on separate returns.
- You cannot claim a person as a dependent unless that person is a U.S. citizen or resident, or a resident of Canada or Mexico, for some part of the year.¹
- You cannot claim a person as a dependent unless that person is your **qualifying child** or **qualifying relative**.

Tests To Be a Qualifying Child	Tests To Be a Qualifying Relative
<ol style="list-style-type: none"> 1. The child must be your son, daughter, stepchild, eligible foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them. 2. The child must be (a) under age 19 at the end of the year, (b) under age 24 at the end of the year and a full-time student, or (c) any age if permanently and totally disabled. 3. The child must have lived with you for more than half of the year.² 4. The child must not have provided more than half of his or her own support for the year. 5. If the child meets the rules to be a qualifying child of more than one person, you must be the person entitled to claim the child as a qualifying child. 	<ol style="list-style-type: none"> 1. The person cannot be your qualifying child or the qualifying child of anyone else. 2. The person either (a) must be related to you in one of the ways listed under <i>Relatives who do not have to live with you</i>, or (b) must live with you all year as a member of your household.² 3. The person's gross income for the year must be less than \$3,400. 4. You must provide more than half of the person's total support for the year.⁴

¹There is an exception for certain adopted children.

²There are exceptions for temporary absences, children who were born or died during the year, children of divorced or separated parents, and kidnapped children.

³There is an exception if the person is disabled and has income from a sheltered workshop.

⁴There is an exception for multiple support agreements.

Tie-Breaker Rule

Qualifying Child of More than One Person

If more than one person files a return claiming the same qualifying child for the tax benefits listed below, the IRS will use the tie-breaker rule to determine which taxpayer will be eligible to claim the benefit.

- Dependency Exemption
- Child Tax Credit
- Head of Household
- Earned Income Credit
- Credit for the Child and Dependent Care Expenses

IF . . .	THEN the child will be treated as the qualifying child of the . . .
only one of the persons is the child's parent	parent
both persons are the child's parents	parent with whom the child lived for the longer period of time. If the child lived with each parent for the same amount of time, then the child will be treated as the qualifying child of the parent with the highest adjusted gross income (AGI)
none of the persons are the child's parent	person with the highest AGI

**Table 1: Dependency Exemption for Qualifying Child**

interview tips

Probe/Action: Ask the taxpayer:

step 1	Was the person your son, daughter, stepchild, eligible foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (i.e., your grandchild, niece, or nephew)?	If NO , go to Table 2—Dependency Exemption for Qualifying Relative Interview Tips. If YES , go to Step 2. Note: An adopted child is treated as your child.
step 2	Was the person under age 19 at the end of the year? OR Was the person under age 24 at the end of the year and a full-time student for some part of each of five months during the year? OR Was the person any age and permanently and totally disabled?	If NO , go to Table 2. If YES , go to Step 3. Note: A permanently and totally disabled person cannot engage in any substantial gainful activity due to a physical or mental condition and a doctor has determined their condition may last for 12 months or more or can lead to death.
step 3	Did the person provide over half of his or her own support for the year?	If NO , go to Step 4. If YES , you may not claim an exemption for this person. Note: A worksheet for determining support is included in Publication 17.
step 4	Did the person live with you as a member of your household for more than half of the year?	If NO , go to Dependency Exemption for Qualifying Relative Interview Tips and see footnote for Step 4, if applicable. If YES , go to Step 5. Note: There are exceptions for kidnapped children, a child who was born or died in 2007; certain temporary absences.
step 5	Was the person a U.S. citizen, U.S. national, or a resident of the U.S., Canada, or Mexico?	If NO , you may not claim this person as a dependent. If YES , go to Step 6. Answer YES if you are a U.S. citizen or U.S. national and your adopted child lived with you as a member of your household in 2007.
step 6	Was this person considered married on December 31, 2007?	If NO , go to Step 8. If YES , go to Step 7.
step 7	Is the person filing a joint return for this tax year?	If NO , go to Step 8. If YES , you cannot claim this person as a dependent. Answer NO, if the person is filing a joint return to claim a refund and no tax liability would exist for either spouse if they had filed separate returns.
step 8	Is the person a qualifying child of any other person?	If NO , go to Step 9. If YES , you may not be able to claim this person as a dependent. (See footnote—Step 8.)
step 9	Can you or your spouse (if filing jointly) be claimed as a dependent on someone else's tax return this year?	If NO , you can claim an exemption for this person. If YES , you cannot claim this person as a dependent. (See footnote—Step 9.)

Footnotes:

Step 4: In most cases, because of the residency test, a child of divorced or separated parents is the qualifying child of the custodial parent. However, see Table 3 to determine if those rules are applicable.

Step 8: Qualifying Child of More Than One Person. The taxpayers must decide who can claim the exemption if the qualifying child can be claimed by more than one person. If the taxpayers cannot decide who will claim the exemption, the IRS will decide using the tie-breaker rule discussed earlier.

Step 9: If you can be claimed as a dependent by another person, you may not claim anyone else as your dependent. Even if you have a qualifying child or qualifying relative, you may not claim that person as a dependent.



Table 2: Dependency Exemption for Qualifying Relative

(Start with Table 1)

interview
tips

Probe/Action: Ask the taxpayer:

<p>step 1</p>	<p>Was the person your son, daughter, foster child or a descendant of any of them (i.e., your grandchild) OR Was the person your brother, sister, or a son or daughter of either of them (i.e., your niece or nephew) OR Was the person your father, mother, or an ancestor or sibling of either of them (i.e., your grandmother, grandfather, aunt, or uncle) OR Was the person your stepbrother, stepsister, stepfather, stepmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law?</p>	<p>If NO, go to Step 2. If YES, go to Step 3. Note: The relatives listed in Step 1 do not have to live with you.</p>
<p>step 2</p>	<p>Was the person any other person (other than your spouse) who lived with you all year as a member of your household?</p>	<p>If NO, you cannot claim this person as a dependent. If YES, go to Step 3. Note: There are exceptions for kidnapped children; a child who was born or died in 2007; certain temporary absences—school, vacation, medical care, etc.</p>
<p>step 3</p>	<p>Is the person your qualifying child or the qualifying child of anyone else?</p>	<p>If YES, the person is not a qualifying relative. (See Qualifying Child Interview Tips.) If NO, go to Step 4.</p>
<p>step 4</p>	<p>Was the person a U.S. citizen, U.S. national, or a resident of the United States, Canada, or Mexico for any part of the year?</p>	<p>If NO, you cannot claim this person as a dependent. If YES, go to Step 5. Answer YES if you are a U.S. citizen or U.S. national and you adopted a child who lived with you as a member of your household in 2007.</p>
<p>step 5</p>	<p>Did the person have gross taxable income of less than \$3,400 in 2007?</p>	<p>If NO, you cannot claim this person as a dependent. If YES, to go Step 6.</p>
<p>step 6</p>	<p>Did you provide more than half the person's total support for the year?</p>	<p>If YES, go to Step 11. If NO, go to Step 7. Note: A worksheet for determining support is included in Publication 17. See Table 3 for a child of divorced or separated parents to determine if this test is met.</p>
<p>step 7</p>	<p>Did another person provide more than half the person's total support?</p>	<p>If YES, you cannot claim an exemption for this person. If NO, go to Step 8.</p>
<p>step 8</p>	<p>Did two or more people together provide more than half the person's total support?</p>	<p>If YES, go to Step 9. If NO, you cannot to claim this person as a dependent.</p>

continued on next page



Table 2: Dependency Exemption for Qualifying Relative

Continued

interview tips

Probe/Action: Ask the taxpayer:

step 9	Did you provide more than 10% of the person's total support for the year?	If YES , go to Step 10. If NO , You cannot claim this person as a dependent.
step 10	Did the other person(s) providing more than 10% of the person's total support for the year provide you with a signed statement (Form 2120) agreeing not to claim the exemption?	If YES , go to Step 11. If NO , you cannot claim this person as a dependent.
step 11	Was this person considered married on December 31, 2007?	If YES , go to Step 12. If NO , go to Step 13.
step 12	Is the person filing a joint return for this year?	If YES , you cannot claim this person as a dependent. If NO , go to Step 13. Answer no if the person is filing a joint return to claim a refund and no tax liability would exist for either spouse if they had filed separate returns.
step 13	Can you or your spouse, if filing jointly, be claimed as a dependent on someone else's tax return this year?	If YES , you cannot claim this person as a dependent. If NO , you can claim an exemption for this person.



Table 3: Children of Divorced or Separated Parents

(Start with Table 1)

interview tips

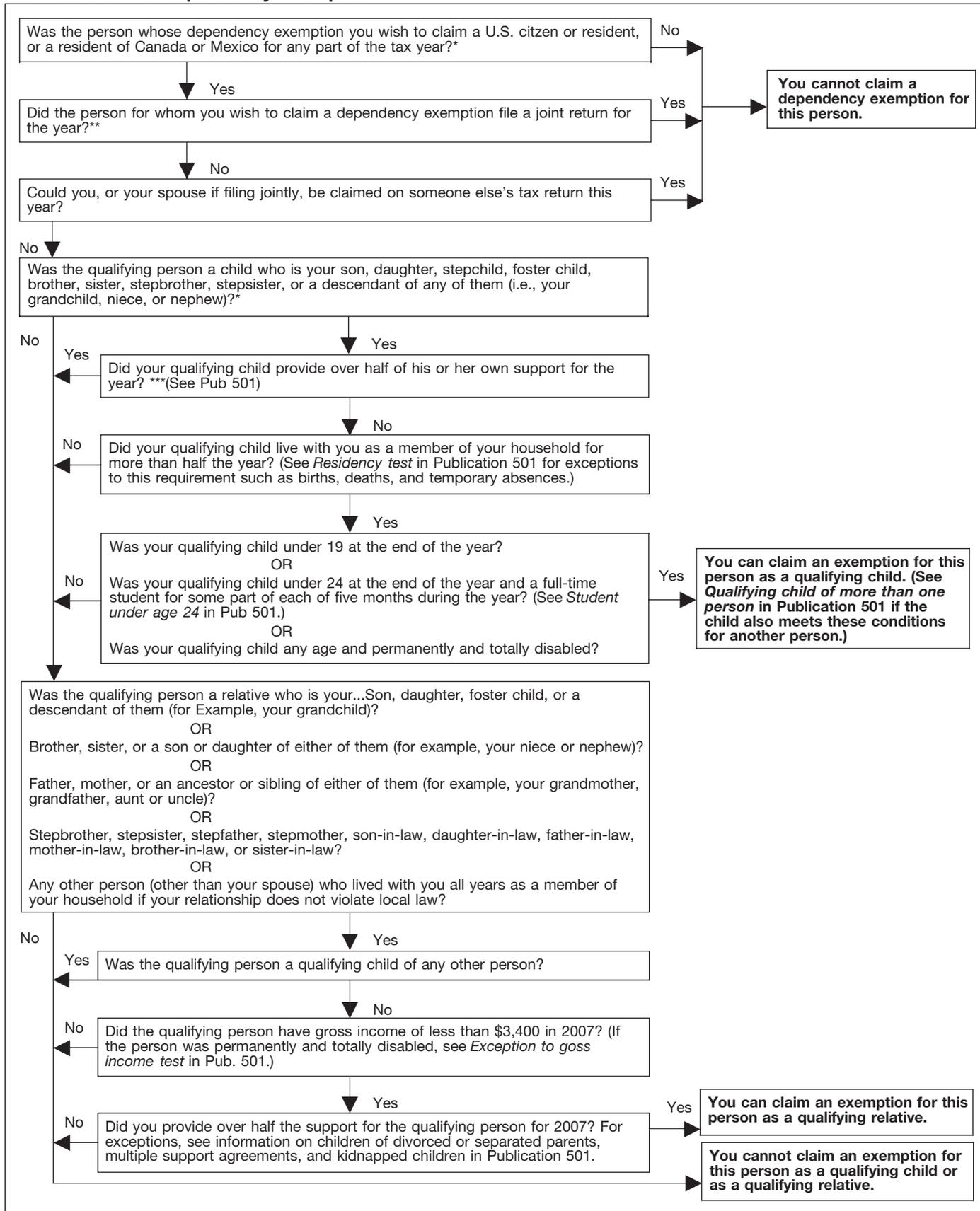
Probe/Action: Ask the taxpayer:

step 1	Did the qualifying child or qualifying relative receive over half of his or her support from their parents who are: Divorced OR Legally separated under a decree of divorce or separate maintenance OR Separated under a written separation agreement OR Lived apart at all times during the last 6 months of the year?	If YES , go to Step 2. If NO , Table 3 does not apply.
step 2	Was the child in the custody of one or both parents for more than half the year?	If YES , go to Step 3. If NO , Table 3 does not apply.
step 3	Does a pre-1985 decree of divorce or separate maintenance or written separation agreement that is applicable for 2007 state that the noncustodial parent (the parent with whom the child lived with for the lesser part of the year) can claim the child as a dependent, the decree or agreement was not changed after 1984 to say the noncustodial parent cannot claim the child as a dependent, and the noncustodial parent provides at least \$600 for the child's support during the year?	If YES , go to Step 5. If NO , go to Step 4.
step 4	Did the custodial parent (parent with whom the child lived with for the greater part of the year) provide the taxpayer a signed written declaration (Form 8332 or similar document) releasing his or her claim to the exemption for the child?	If YES , go to Step 5 and see Footnote for step 4 below. If NO , Table 3 does not apply.
step 5	Can you or your spouse, if filing jointly, be claimed as a dependent on someone else's tax return this year?	If YES , you cannot claim this person as a dependent. If NO , you can claim an exemption for this person.

Footnote:

Step 4: See Publication 17 or 1040 Instructions on the written declaration that must be attached to the tax return of the noncustodial parent.

Can You Claim a Dependency Exemption?



* If the person was your legally adopted child, answer "yes" to this question.

** If neither the person nor the person's spouse is required to file a return but they file a joint return to claim a refund of tax withheld, you may answer "no" to this question.

*** Answer "yes" to this question if you meet the multiple support requirements under *Multiple Support Agreement* in Pub 501.



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tips

Income

Confirm that all income received by the taxpayer has been discussed and shown on the return, if required.

Table A – Examples of Income

(Examples of income to consider when determining whether a return must be filed)

<p>Wages, salaries, bonuses, commissions</p> <p>Alimony</p> <p>Annuities</p> <p>Awards</p> <p>Back pay</p> <p>Breach of contract</p> <p>Business income</p> <p>Compensations for personal services</p> <p>Debts forgiven</p> <p>Director's fees</p> <p>Disability benefits (employer-funded)</p> <p>Discounts</p> <p>Dividends</p> <p>Employee awards</p> <p>Employee bonuses</p> <p>Estate and trust income</p> <p>Farm income</p> <p>Fees</p> <p>Gains from sale of property or securities</p> <p>Gambling winnings</p> <p>Hobby income</p> <p>Interest</p> <p>Interest on life insurance dividends</p>	<p>IRA distributions</p> <p>Jury duty fees</p> <p>Military pay (not exempt from taxation)</p> <p>Military pension</p> <p>Notary fees</p> <p>Partnership, Estate and S-Corporation income (taxpayer's share)</p> <p>Pensions</p> <p>Prizes</p> <p>Punitive damage</p> <p>Railroad retirement—Tier I (portion may be taxable)</p> <p>Railroad retirement—Tier II</p> <p>Refund of state taxes*</p> <p>Rents (gross rent)</p> <p>Rewards</p> <p>Royalties</p> <p>Severance pay</p> <p>Social security payment (portion may be taxable)</p> <p>Supplemental unemployment benefits</p> <p>Taxable scholarships and grants</p> <p>Tips and gratuities</p> <p>Unemployment compensation</p>
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*If itemized in year paid and taxes were reduced because of deduction

Table B – Examples of Excludable Income

(Examples of income items to exclude when determining whether a return must be filed)

<p>Aid to Families with Dependent Children (AFDC)</p> <p>Child support</p> <p>Damages for physical injury (other than punitive)</p> <p>Death payments</p> <p>Dividends on life insurance</p> <p>Federal Employees' Compensation Act payments</p> <p>Federal income tax refunds</p> <p>Gifts, bequests, and inheritances</p> <p>Insurance proceeds</p> <ul style="list-style-type: none"> • Accident • Casualty • Health • Life <p>Interest on tax-free securities</p> <p>Interest on EE/I bond redeemed for qualified higher education expenses</p>	<p>Meals and lodging for the convenience of employer</p> <p>Payments to the beneficiary of a deceased employee</p> <p>Relocation payments or payments in lieu of worker's compensation</p> <p>Rental allowance of clergyman</p> <p>Sickness and injury payments</p> <p>Supplemental Security Income (SSI)</p> <p>Temporary Assistance for Needy Families (TANF)</p> <p>Veterans' benefits</p> <p>Welfare payments (including TANF)</p> <p>Worker's compensation and similar payments</p>
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interview tips

Tax Treatment of Scholarship and Fellowship Payments¹

Do not rely on this table alone. Refer to Publication 17 for complete details.

IF you use the payment for...	AND you are...		THEN your payment is...	
	A degree candidate	Not a degree candidate	Tax free ²	Taxable
Tuition	X		X	
		X		X
Fees	X		X ³	
		X		X
Books	X		X ³	
		X		X
Supplies	X		X ³	
		X		X
Equipment	X		X ³	
		X		X
Room	X			X
		X		X
Board	X			X
		X		X
Travel	X			X
Research		X		X
Equipment and other expenses that are not required for enrollment in or attendance at an eligible educational institution.	X	X		X

¹Does not include payments received for past, present, or future services.

²Payments used for any expenses indicated in this column are tax free only if the terms of the scholarship or fellowship do not prohibit the expense.

³If required of all students in the course.



Traditional IRA Deduction Phaseout Chart

Taxpayer is covered by a Retirement Plan at Work

	Allowable traditional IRA deduction is:		
	reduced if modified AGI is:		zero when modified AGI is:
Filings Status	<i>more than</i>	<i>but less than</i>	
Single or Head of Household	\$52,000	\$62,000	\$62,000 or more
Married filing jointly or Qualifying Widow(er)	\$83,000	\$103,000	\$103,000 or more
Married Filing Separately ¹	\$0.01	\$10,000	\$10,000 or more

¹ If the taxpayer did not live with his or her spouse at any time during the year, his or her filing status is considered Single for this purpose.



Traditional IRA Deduction Phaseout Chart

Taxpayer is not covered by a Retirement Plan at Work, but the spouse is

	Allowable traditional IRA deduction is:		
	reduced if modified AGI is:		zero when modified AGI is:
Filings Status	<i>more than</i>	<i>but less than</i>	
Married filing jointly or Qualifying Widow(er)	\$156,000	\$166,000	\$166,000 or more
Married Filing Separately ¹	\$0.01	\$10,000	\$10,000 or more

¹ The taxpayer is entitled to the full deduction if he or she did not live with his or her spouse at any time during the year.



Effect of MAGI on Student Loan Interest Deduction

IF your filing status is...	AND your MAGI is...	THEN your student loan interest deduction is...
single, head of household, or qualifying widow(er)	not more than \$55,000	not affected by the phaseout.
	more than \$55,000 but less than \$70,000	reduced because of the phaseout.
	\$70,000 or more	eliminated by the phaseout.
married filing joint return	not more than \$110,000	not affected by the phaseout.
	more than \$110,000 but less than \$140,000	reduced because of the phaseout.
	\$140,000 or more	eliminated by the phaseout.

Phaseout: If your MAGI is within the range of incomes where the credit must be reduced, you must figure your reduced deduction. To figure the phaseout, multiply your interest deduction (before the phaseout) by a fraction. The numerator is your MAGI minus \$55,000 (\$110,000 in the case of a joint return). The denominator is \$15,000 (\$30,000 in the case of a joint return). Subtract the result from your deduction (before the phaseout). This result is the amount you can deduct.



Effect of MAGI on Maximum Tuition and Fees Deduction

IF your filing status is...	AND your MAGI is...	THEN your maximum tuition and fees deduction is...
single, head of household, or qualifying widow(er)	not more than \$65,000	\$4,000
	more than \$65,000 but not more than \$80,000	\$2,000
	more than \$80,000	\$0
married filing joint	not more than \$130,000	\$4,000
	more than \$130,000 but not more than \$160,000	\$2,000
	more than \$160,000	\$0

Standard Deduction for Most People

Exhibit 1 Standard Deduction Chart for Most People*

If Your Filing Status is...	Your Standard Deduction is...
Single or Married filing separate return	\$5,350
Married filing joint return or Qualifying widow(er) with dependent child	10,700
Head of household	7,850

*Do not use this chart if you were born before January 2, 1943, you are blind, or if someone else can claim an exemption for you (or your spouse if married filing jointly). Use Exhibit 2 or Exhibit 3 instead.

Standard Deduction for People Age 65 or Older or Blind

Exhibit 2 Standard Deduction Chart for People Born Before January 2, 1943 or Who Are Blind*

Check the correct number of boxes below. Then go to the chart.

You Born before January 2, 1943 Blind

Your spouse, if claiming spouse's exemption Born before January 2, 1943 Blind

Total number of boxes you checked

IF your filing status is...	AND the number in the box above is...	THEN your standard deduction is...
Single	1	\$6,650
	2	7,950
Married filing joint return or Qualifying widow(er) with dependent child	1	11,750
	2	12,800
	3	13,850
	4	14,900
Married filing separate return	1	6,400
	2	7,450
	3	8,500
	4	9,550
Head of household	1	9,150
	2	10,450

*If someone else can claim an exemption for you (or your spouse if married filing jointly), use Exhibit 3 instead.

Standard Deduction Worksheet for Dependents

Exhibit 3 Use this worksheet only if someone else can claim an exemption for you (or your spouse if married filing jointly).

<p>If you were born before January 2, 1943 or you are blind, check the correct number of boxes below. Then complete the worksheet.</p>	
<p>You</p>	<p>Born before January 2, 1943 <input type="checkbox"/></p>
<p>Your spouse, if claiming spouse's exemption</p>	<p>Born before January 2, 1943 <input type="checkbox"/></p>
<p>Blind <input type="checkbox"/></p>	
<p>Blind <input type="checkbox"/></p>	
<p>Total number of boxes you checked <input type="checkbox"/></p>	
<p>1. Enter your earned income (defined below). If none, enter -0-.</p>	<p>1. _____</p>
<p>2. Additional amount</p>	<p>2. <u> \$300 </u></p>
<p>3. Add lines 1 and 2.</p>	<p>3. _____</p>
<p>4. Minimum standard deduction.</p>	<p>4. <u> \$850 </u></p>
<p>5. Enter the larger of line 3 or line 4.</p>	<p>5. _____</p>
<p>6. Enter the amount shown below for your filing status.</p> <ul style="list-style-type: none"> • Single or Married filing separately—\$5,350 • Married filing jointly or Qualifying widow(er) with dependent child—\$10,700 • Head of household—\$7,850 	<p>6. _____</p>
<p>7. Standard deduction.</p> <p>a. Enter the smaller of line 5 or line 6. If born after January 1, 1943, and not blind, stop here. This is your standard deduction. Otherwise, go on to line 7b.</p> <p>b. If born before January 2, 1943, or blind, multiply \$1,300 (\$1,050 if married or qualifying widow(er) with dependent child) by the number in the box above.</p> <p>c. Add lines 7a and 7b. This is your standard deduction for 2007.</p>	<p>7a. _____</p> <p>7b. _____</p> <p>7c. _____</p>
<p><i>Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income.</i></p>	



Standard Deduction versus Itemized Deduction Interview Tips

interview
tips

step
1

Is your filing status married filing separately?

If **YES**, go to Step 2.
If **NO**, go to Step 3.

step
2

Is your spouse itemizing deductions?

If **YES**, go to Conclusion 2.
If **NO**, go to Step 3.

step
3

Are you a dual status alien or a nonresident alien?

If **YES**, go to Conclusion 2.
If **NO**, go to Conclusion 1.

Conclusion 1: Based on the information provided, you may take either the standard or itemized deduction.

Conclusion 2: Based on the information provided, you do not qualify for the standard deduction.



Itemized Deductions Interview Tips

interview
tips

step
1

Are your expenses in the following categories: medical and dental expenses, taxes you paid, interest you paid, gifts to charity, job expenses, and certain miscellaneous deductions more than your standard deduction?

Note: Casualty and theft losses and some miscellaneous deductions are beyond the scope of VITA/TCE.

If **YES**, go to Step 2.
If **NO**, generally speaking, you can take the standard deduction. For further explanation see exceptions in Publication 17, Standard Deduction chapter. Go to Step 2.

step
2

Were the medical and dental expenses more than 7.5% of your adjusted gross income?

Note: You can include medical and dental bills you paid for:

- Yourself and your spouse
- All dependents you claim on your return
- Your child whom you do not claim as a dependent because of the rules for children of divorced or separated parents.
- Any person you could have claimed as a dependent on your return except that person received \$3,400 or more of gross income or filed a joint return.
- Any person you could have claimed as a dependent except that you, or your spouse if filing jointly, can be claimed as a dependent on someone else's 2007 return.

If **YES**, go to Step 3.
If **NO**, your medical and dental expenses must be more than 7.5% of your adjusted gross income to claim a medical expense deduction on Form 1040, Schedule A. Go to Step 3.

step
3

Were the medical and dental expenses paid by an employer under a pre-tax plan (not included in box 1 of the customer's Form W-2), or were the expenses reimbursed by an insurance company?

If **YES**, you cannot deduct reimbursed expenses. Go to Step 4.
If **NO**, you can claim these expenses and go to Step 4.

continued on next page



Itemized Deductions Interview Tips - continued

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step 4	Were the taxes you paid imposed on you?	If YES , go to Step 5. If NO , you cannot claim this expense as a deduction because you were not obligated to pay the taxes. Go to Step 6.
step 5	Did you pay these taxes during this tax year ?	If YES , you can claim these expenses and go to Step 6. If NO , you cannot deduct taxes in this year that were paid in another year. Go to Step 7.
step 6	Are you legally liable for the mortgage loan?	If YES , go to Step 7. If NO , you cannot take an interest expense for a mortgage for which you are not legally liable. Go to Step 11.
step 7	Did your home secure the mortgage loan?	If YES , go to Step 8. If NO , you cannot take an interest expense if your main home does not secure the mortgage. Go to Step 11.
step 8	Did you pay the mortgage interest in this tax year?	If YES , go to Step 9. If NO , you cannot take the mortgage interest deduction. Go to Step 11.
step 9	Did you take out your mortgage on or before October 13, 1987?	If YES , your mortgage interest is fully deductible. Go to Step 11. If NO , follow the flowchart in Publication 17. Go to Step 11.
step 10	Did you pay points to obtain a home mortgage (on a main home or second home or home improvement loan or to refinance your home)?	If YES , follow the flowchart in Publication 17 and then go to Step 11. If NO , go to Step 11.
step 11	Did you make a cash contribution to a qualified organization?	If YES , you must have a written receipt from that particular organization, and then go to Step 12. If NO , go to Step 13.
step 12	Did you make a noncash donation to a qualified organization? Note: Generally fair market value is used to determine the value of a donation.	If YES , advise the taxpayer that generally he or she must have a written receipt from that particular organization. Go to Step 13. If NO , the donation is not deductible. Go to Step 14.
step 13	Is the total of all noncash donations less than \$500? Note: If more than \$500, see Publication 17.	If YES , see Publication 17 for more details. If NO , this is beyond the scope of VITA/TCE. Go to Step 14.
step 14	Do you have any employee or investment expenses more than 2% of your (and your spouse's if married filing jointly) adjusted gross income?	If YES , report the expenses on Schedule A, Job Expenses and Certain Miscellaneous Deductions. If NO , your employee and investment expenses are not deductible.

If the total itemized deduction is more than the standard deduction, carry the total to line 40 of Form 1040.

Child and Dependent Care Credit Expenses



Probe/Action: To determine if a taxpayer qualifies for the Credit for Child and Dependent Care Expenses, review the information and ask the taxpayer for information from the decision tree on the next page.

Who is a qualifying person?

- A child who is under the age of 13 when the expenses were incurred and for whom a dependency exemption can be claimed
- Any person who is physically or mentally incapable of self-care whom you could have claimed as a dependent except that the person had gross income of more than \$3,400 or filed a joint return
- Any person who is physically or mentally incapable of self-care whom you could have claimed as a dependent except that you (or your spouse if filing a joint return) could be claimed as a dependent on someone else's 2007 return
- A spouse who is physically or mentally incapable of self-care

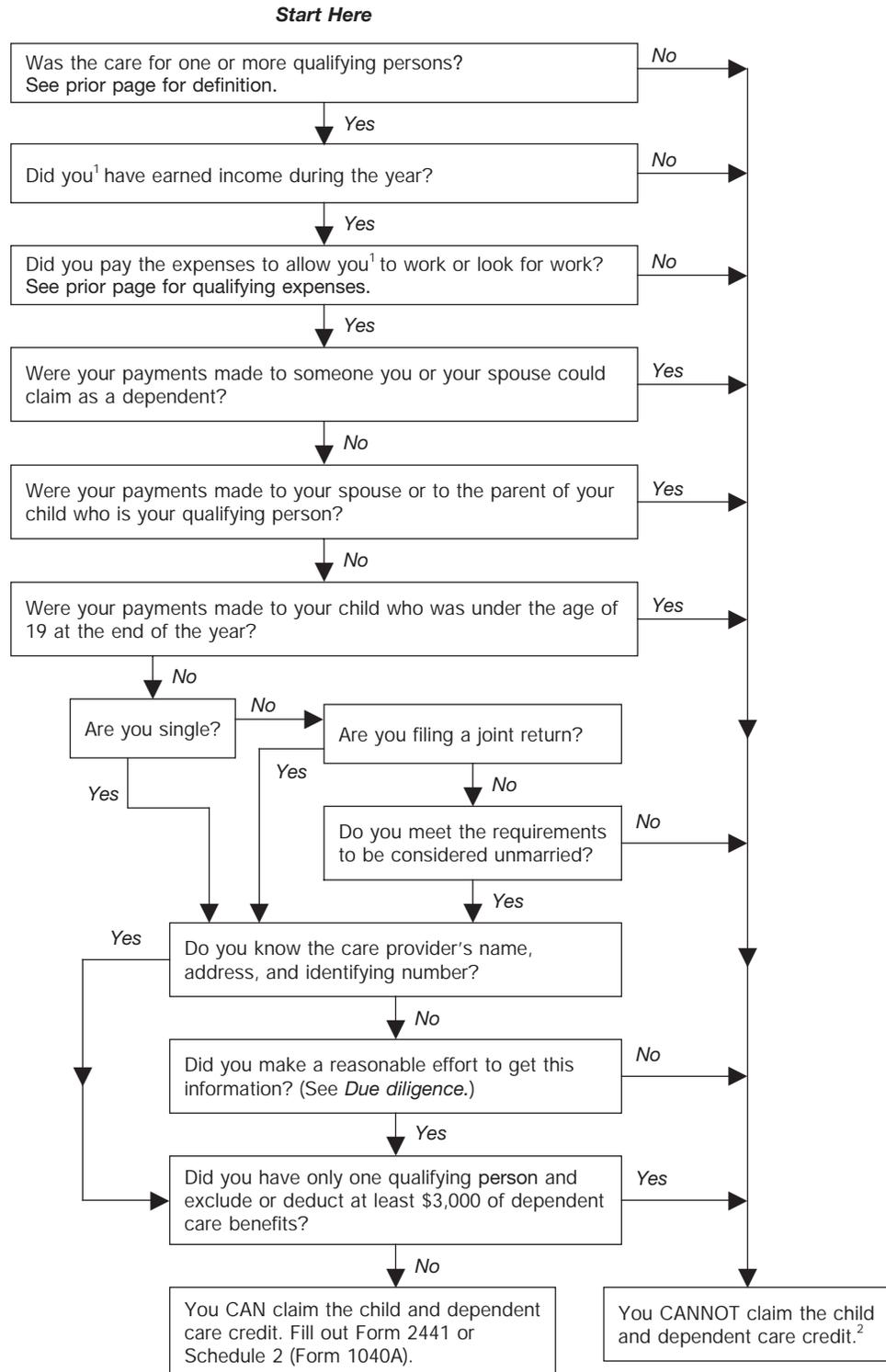
Special rules apply if the parents are divorced or separated. (See Publication 17.)

Qualified work-related expenses

- Expenses must be paid for the care of the qualifying person to allow the taxpayer to work or look for work.
- The care includes the costs of services for the qualifying person's well-being and protection.

Credit for Child and Dependent Care Expenses—Decision Tree

Can You Claim the Child and Dependent Care Credit?



¹This also applies to your spouse, unless your spouse was disabled or a full-time student.

²If you had expenses that met the requirements for 2006, except that you did not pay them until 2007, you may be able to claim those expenses in 2007.



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Education Credits

Ask the taxpayer the following questions to determine if the taxpayer is eligible for an Education Credit on the return:

Did you ¹ pay qualified education expenses in 2007 for an eligible student to attend an eligible educational institution?	If YES, go to next step. If NO, stop here. You cannot claim an education credit.
Did the academic period for which you paid qualified education expenses begin in 2007 or the first 3 months of 2008?	If YES, go to the next step. If NO, stop here. You cannot claim an education credit.
Is the eligible student you, your spouse (if married filing jointly), or your dependent for whom you can claim an exemption on your tax return?	If YES, go to the next step. If NO, stop here. You cannot claim an education credit.
Are you listed as a dependent on another person's return?	If NO, go to the next step. If YES, stop here. You cannot claim an education credit.
Is your filing status married filing separately ?	If NO, go to the next step. If YES, stop here. You cannot claim an education credit.
Were you (or your spouse) a nonresident alien for any part of 2007 who did not elect to be treated as a resident alien for tax purposes?	If NO, go to the next step. If YES, stop here. You cannot claim an education credit.
Is your modified adjusted gross income (MAGI) less than \$57,000 (\$114,000 if married filing jointly)?	If YES, go to the next step. If NO, stop here. You cannot claim an education credit.
Do you have a tax liability after subtracting the following credits: foreign, child tax, and child and dependent care?	If YES, go to the next step. If NO, stop here. You cannot claim an education credit.
Did you use the same expenses to claim a deduction or to figure the tax-free portion of a Coverdell ESA or QTP distribution?	If NO, go to the next step. If YES, stop here. You cannot claim an education credit.
Were the same expenses paid with tax-free scholarship, fellowship, grant, or employer-provided educational assistance?	If NO, go to the next step. If YES, stop here. You cannot claim an education credit.
Did you, or someone else who paid these expenses on behalf of a student, receive a refund of all the expenses?	If NO, go to the next step to see which education credit you should claim on the return. If YES, stop here. You cannot claim an education credit.
Is this the student's first or second year pursuing a degree?	If first or second, you may be able to claim either the Hope or Lifetime Learning Credit ² . If third or higher, you can claim only the Lifetime Learning Credit. See the Education Credit Chart in Publication 17 for additional requirements for each credit.

¹ Qualified education expenses paid by a dependent for whom you can claim an exemption, or by a third party for that dependent, are considered paid by you.

² If the qualified expenses paid for one student are more than \$8,250, then the Lifetime Learning Credit may result in a higher credit for the taxpayer even if the student would be eligible for the Hope Credit.

Credit for Elderly or Disabled



Probe/Action: Use the following chart to determine if the taxpayer is eligible for the Credit for the Elderly or the Disabled:

— Form 1040, attach Schedule R

— Form 1040A, attach Schedule 3

A person may be eligible if:

1. 65 or older, or
2. Under 65 and retired on *permanent and total* disability and receives taxable disability income.

A person is not eligible if:

Filing status is	AND	Nontaxable income (social security, Tier 1 railroad retirement, and other nontaxable pensions) is equal to or more than...	OR	AGI is equal to or more than...
Single, Qualifying widow(er) Head of household		\$5,000 ¹		\$17,500 ²
Married filing separately ³		\$3,750		\$12,500
Married filing jointly				
— one spouse qualifies		\$5,000		\$20,000
— both spouses qualify		\$7,500		\$25,000

¹ Qualified taxpayers under 65—This amount is limited to taxable disability income for year, if less.

² If the base amount (column two) is limited to disability income, the amount of adjusted gross income which will keep the taxpayer from taking the credit will be less than the amount listed in column three. Check Publication 17 for more information.

³ Must **not live with spouse** at any time during the tax year.

TaxWise® calculates the credit automatically if the birth date is provided. Regardless of taxability, social security benefits must be entered on Form 1040, line 20a, to preclude erroneous calculation of credit.

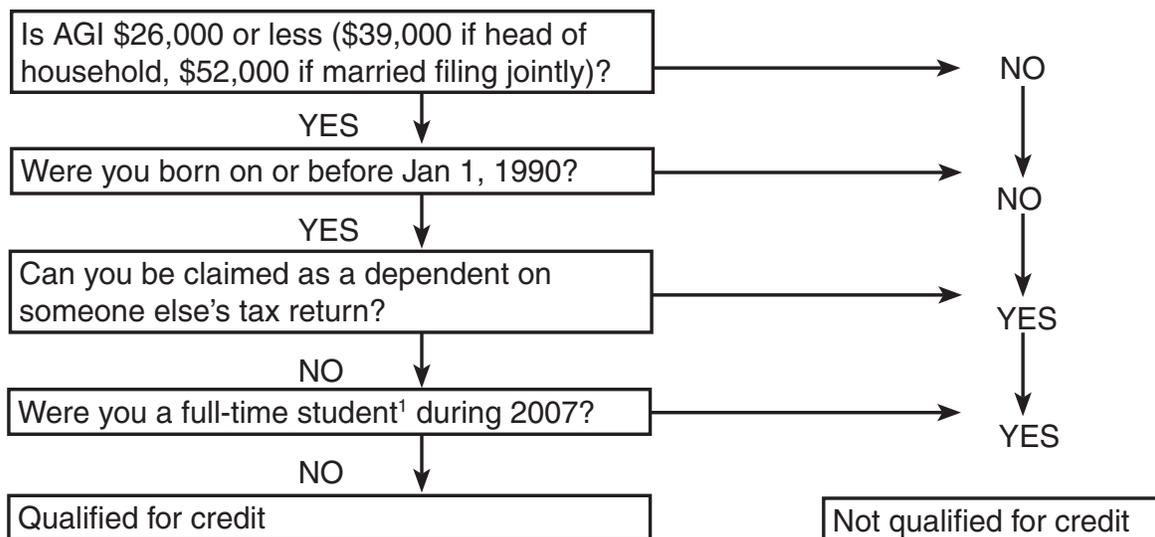


Retirement Savings Contribution Credit

interview tips

Probe/Action: To determine if a taxpayer qualifies for the Credit for Qualified Retirement Savings Contributions, review the return information and ask the taxpayer the following:

Attention: Be sure to look at the taxpayer's Form W-2. An entry in box 12 or an "x" in the Retirement box is an indicator that the taxpayer may be eligible for the Retirement Savings Contribution Credit. Research Publication 17 for the details.



¹ See Publication 17 for definition of full-time student.

Note: To calculate the Credit for Qualified Retirement Savings Contributions, multiply the credit rate by the lesser of the maximum allowable contribution or the eligible contributions. Distributions from a military retirement plan are not used to reduce the taxpayer's Qualified Retirement Savings Contribution. The military retirement plan is a noncontributory plan that does not allow any contributions by the military employee. See Form 8880 Instructions for more information.



Child Tax Credit

Use the worksheet in Form 1040 or Form 1040A Instruction booklet.

This is a credit intended to reduce the tax. The credit may be refundable. The credit is up to \$1,000 per qualifying child.

Qualifying child:

1. Under age 17 at the end of 2007.
2. A U.S. citizen or U.S. national* or resident of the United States.
3. Claimed as your dependent.
4. Your:
 - a. son or daughter, adopted child, stepchild, eligible foster child, or a descendant of any of them
 - b. brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew) if you care for the individual as your own child.
5. Did not provide over half of his or her own support.
6. Lived with the taxpayer for more than half of 2007. (See **Interview Tips for Child Tax Credit for Exception-to Time-Lived-with-You**) section if the child did not live with the taxpayer for more than half the year.

* National is an individual who, although not a U.S. citizen, owes his or her allegiance to the United States. U.S. national include American Samoans and Northern Mariana Islanders who chose to become U.S. nationals instead of U.S. citizens.



Additional Child Tax Credit

The child tax credit is generally a nonrefundable credit; however, certain taxpayers may be entitled to a refundable additional child tax credit.

- Taxpayers with more than \$11,750 of taxable earned income may be eligible for the additional child tax credit regardless of the number of qualifying children.
- Taxpayers with three or more children may also be eligible for additional child tax credit regardless of their income.

Form 8812 is used to calculate the allowable additional child tax credit.

See Tab A, Exemption, and the worksheet in the instruction booklets for additional information (including definitions and special rules relating to an adopted child, foster child, or qualifying child of more than one person).



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Child Tax Credit (Remember to apply the steps for each child) Probe/Action: Ask the taxpayer:

step 1	Is this child your son, daughter, adopted child, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)? A descendant is of any generation.	If YES , go to step 2. If NO , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
step 2	Is this child under age 17 at end of the tax year?	If YES , go to step 3. If NO , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
step 3	Did the child provide over half of his or her own support for 2007?	If NO , go to step 4. If YES , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
step 4	Did the child live with you for more than half of 2007? If the child did not live with you for the required time, see the following below the chart. <ul style="list-style-type: none"> • Exception to Time-Lived-with-You • Kidnapped Child • Children of Divorced or Separated or Never Married Parents. 	If YES , go to step 5. If NO , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
step 5	Is this child a U.S. citizen, U.S. national, or resident of the United States? Note: A national is an individual who, although not a U.S. citizen, owes his or her allegiance to the United States. U.S. nationals include American Samoans and Northern Mariana Islanders who chose to become U.S. nationals instead of U.S. citizens.	If YES , go to step 6. If NO , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
Questions: Who Must Use Publication 972		
step 6	Are you excluding income from Puerto Rico or are you filing Form 2555, Form 2555-EZ (relating to foreign earned income), or Form 4563, <i>Exclusion of Income for Bona Fide Residents of American Samoa</i> ?	If NO , go to step 7. If YES , you must use Publication 972 to figure the credit.
step 7	Is the amount of AGI on line 37 of your Form 1040, or line 21 of Form 1040A more than: <ul style="list-style-type: none"> • \$110,000 if you are married filing jointly, • \$75,000 if your are filing as single, head of household, or as a qualifying widow(er), or • \$55,000 if you are married filing separately? 	If NO , go to step 8. If YES , you must use Publication 972 to figure the credit.
step 8	Are you claiming any of the following credits? <ul style="list-style-type: none"> • Adoption credit, Form 8839 • Retirement savings contributions credit, Form 8880 	If NO , use the Child Tax Credit Worksheet to figure the credit. If YES , you must use Publication 972 to figure the credit.

Exception to Time-Lived-with-You

A child is considered to have lived with you for all of 2007 if the child was born or died in 2007 and your home was this child's home for the entire time he or she was alive. Temporary absences for special circumstances, such as for school, vacation, medical care, military service, or detention in a juvenile facility, count as time lived at home.

Kidnapped Child

A kidnapped child is considered to have lived with you for all of 2007 if:

- In the year the kidnapping occurred, the kidnapped child is presumed by law enforcement to have been taken by someone who is not a family member, and
- The kidnapped child lived with the taxpayer for more than half of the portion of the year prior to the kidnapping.

Children of Divorced or Separated Parents

A child will be treated as being the qualifying child of his or her noncustodial parent if all of the following apply:

- The parents were divorced or legally separated or lived apart at all times during the last 6 months of 2007.
- The child received over half of his or her support for 2007 from the parents.
- The child was in custody of one or both of the parents for more than half of 2007.
- A decree of divorce or separate maintenance or written separation agreement that applies to 2007 provides that (a) the noncustodial parent can claim the child as a dependent, or (b) the custodial parent will sign a written declaration that he or she will not claim the child as a dependent for 2007. If the divorce or separation agreement went into effect before 1985, this requirement is met if the noncustodial parent provides at least \$600 for the support of the child for 2007.

Earned Income Table

Earned Income	
Includes	Does not include
<ul style="list-style-type: none"> ■ Taxable wages, salaries, and tips ■ Union strike benefits ■ Taxable long-term disability benefits received prior to minimum retirement age ■ Net earnings from self-employment ■ Gross income of a statutory employee ■ Household employee income ■ Nontaxable combat pay election 	<ul style="list-style-type: none"> ■ Interest and dividends ■ Social security and railroad retirement benefits ■ Welfare benefits ■ Workfare payments ■ Pensions and annuities ■ Veteran's benefits (including VA rehabilitation payments) ■ Workers' compensation benefits ■ Alimony ■ Child support ■ Nontaxable foster care payments ■ Unemployment compensation ■ Taxable scholarship or fellowship grants that are not reported on Form W-2 ■ Earnings for work performed while an inmate at a penal institution ■ Salary deferrals (for example, under a 401(k) or 403(b) plan or the Federal Thrift Savings Plan) ■ The value of meals or lodging provided by an employer for the convenience of the employer ■ Housing allowance or rental value of a parsonage for the clergy ■ Excludable dependent care benefits (line 18 of either Form 2441, Form 1040, or Schedule 2, Form 1040A) ■ Salary reductions such as under a cafeteria plan ■ Excludable employer provided educational assistance benefits (may be shown in box 13 of Form W-2) ■ Anything else of value received from someone for services performed, if it is not currently taxable

Common EIC Filing Errors



Common EIC Filing Errors:

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- Claiming a child who is not a qualifying child
- Married taxpayers incorrectly filing as a single or head of household
- Incorrectly reporting income
- Incorrect social security numbers

Summary of EIC Eligibility Requirements

Part A Rules for Everyone	Part B Rules If You Have a Qualifying Child	Part C Rules If You Do Not Have a Qualifying Child
Must have a valid social security number.	Child must meet the relationship, age, and residency tests.	Must be at least age 25 but under age 65 as of December 31.
Filing status cannot be "Married filing separately."	Qualifying child cannot be used by more than one person to claim the EIC.	Cannot be the dependent of another person.
Must be a U.S. citizen or resident alien all year.		Must have lived in the United States more than half the year.
Cannot file Form 2555 or Form 2555-EZ (relating to foreign earned income).		Cannot be a qualifying child of another person.
Investment income must be \$2,900 or less.		
Cannot be a qualifying child of another person.		
<p style="text-align: center;">Part D Earned Income and AGI Limitations</p> <p>Must be less than:</p> <ul style="list-style-type: none"> ■ \$37,783 (\$39,783 for married filing jointly) if you have more than one qualifying child, ■ \$33,241 (\$35,241 for married filing jointly) if you have one qualifying child, or ■ \$12,590 (\$14,590 for married filing jointly) if you do not have a qualifying child 		



Disallowance of the Earned Income Credit

Form 8862, Information To Claim Earned Income Credit After Disallowance, must be attached to the return of any taxpayer whose EIC claim was denied or reduced for any reason other than a math or clerical error. If the taxpayer's EIC was denied or reduced as a result of a math or other clerical error, Form 8862 is not required.

A taxpayer who is determined to have claimed the EIC due to reckless or intentional disregard of the EIC rules cannot claim the EIC for 2 tax years. If the error was due to fraud, then the taxpayer cannot claim the EIC for 10 tax years. See Publication 596, EIC for specific guidance.

Interview Tips—EIC General Eligibility



EIC General Eligibility Rules

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Probe/Action: Ask the taxpayer:

step 1	<p>Calculate the taxpayer's earned income and adjusted gross income (AGI) for the tax year. Are both less than:</p> <ul style="list-style-type: none"> • \$37,783 (\$39,783 married filing jointly) with two or more qualifying children; • \$33,241 (\$35,241 married filing jointly) with one qualifying child; or • \$12,590 (\$14,590 married filing jointly) with no qualifying children? 	<p>If YES, go to Step 2. If NO, STOP. You cannot claim the EIC.</p>
step 2	<p>Do you (and your spouse, if filing jointly) have a social security number (SSN) that allows you to work?</p> <p>Note: Answer "no" if the taxpayer's social security card has a "NOT VALID FOR EMPLOYMENT" imprint, and if the cardholder obtained the SSN to get a federally funded benefit, such as Medicaid.</p>	<p>If YES, go to Step 3. If NO, STOP. You cannot claim the EIC.</p>
step 3	<p>Is your filing status married filing separately?</p>	<p>If YES, STOP. You cannot claim the EIC. If NO, go to Step 4.</p>
step 4	<p>Are you (or your spouse, if married) a nonresident alien?</p> <p>Note: Answer "no" if the taxpayer is married filing jointly, and one spouse is a citizen or resident alien and the other is a nonresident alien.</p>	<p>If YES and you are either unmarried or married but not filing a joint return, STOP. You cannot claim the EIC. If NO, go to Step 5.</p>
step 5	<p>Are you (or your spouse, if filing jointly) filing Form 2555 or Form 2555EZ (Foreign Earned Income)?</p>	<p>If YES, STOP. You cannot claim the EIC. If NO, go to Step 6.</p>
step 6	<p>Is your investment income more than \$2,900?</p>	<p>If YES, STOP. You cannot claim the EIC. If NO, go to Step 7.</p>
step 7	<p>Are you (or your spouse, if filing jointly) an EIC qualifying child of another person?</p>	<p>If YES, STOP. You cannot claim the EIC. If NO, go to the interview tips for EIC—With A Qualifying Child or EIC—Without A Qualifying Child.</p>

Interview Tips—EIC with a Qualifying Child



interview tips

EIC with a Qualifying Child

(Remember that a child is not a qualifying child until it has been determined that the child meets all the qualifying child requirements.)

Probe/Action: Ask the taxpayer:

<p>step 1</p>	<p>Does your qualifying child have an SSN that allows him or her to work? Note: Answer NO only if the child's social security card says "NOT VALID FOR EMPLOYMENT" and his or her SSN was obtained to get a federally funded benefit.</p>	<p>If YES, go to Step 2. If NO, STOP. You cannot claim the EIC on the basis of this qualifying child.</p>
<p>step 2</p>	<p>Is the child your son, daughter, stepchild, adopted child, or eligible foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them?</p>	<p>If YES, go to Step 3. If NO, STOP. This child is not your qualifying child. Go to interview tips for EIC without a Qualifying Child.</p>
<p>step 3</p>	<p>Was the child any of the following at the end of the tax year:</p> <ul style="list-style-type: none"> • Under age 19, • Under age 24 and a full-time student, or • Any age and permanently and totally disabled? 	<p>If YES, go to Step 4. If NO, STOP. This child is not your qualifying child. Go to interview tips for EIC without a Qualifying Child.</p>
<p>step 4</p>	<p>Was the child married at the end of the year?¹ Note: Answer NO if the child was married at the end of the year and either (1) you can claim the child's exemption, or (2) you cannot claim the child's exemption solely because you gave that right to the child's other parent.</p>	<p>If NO, go to Step 5. If YES, STOP. This child is not your qualifying child (failed the relationship test). Go to interview tips for EIC without a Qualifying Child.</p>
<p>step 5</p>	<p>Did the child live with you in the United States for more than half (183 days for 2007) of the tax year? Note: Active duty military personnel stationed outside the United States are considered to live in the United States for this purpose.</p>	<p>If YES, go to Step 6. If NO, STOP. This child is not your qualifying child. Go to interview tips for EIC without a Qualifying Child.</p>
<p>step 6</p>	<p>Is the child a qualifying child of another person? Note: There may be a case when a qualifying child cannot be claimed by anyone. Example: The only parent that the child lives with does not work nor file a tax return and another nonparent adult cannot meet the general eligibility rules. In this example no one qualifies to claim EIC on this child.</p>	<p>If YES, explain to the taxpayer what happens when more than one person claims the EIC using the same child (the Tiebreaker Rule). If the taxpayer chooses to claim the credit with this child, compute the EIC using the appropriate EIC worksheets. If NO, compute the EIC using the appropriate EIC worksheet.</p>

¹ If your child was married at the end of the year, he or she does not meet the relationship test unless you can claim the child's exemption or you cannot claim the child's exemption because you gave that right to the child's other parent.

Interview Tips—EIC without a Qualifying Child



EIC without a Qualifying Child

interview tips

Probe/Action: Ask the taxpayer:

step 1

Can you (or your spouse, if filing jointly) be claimed as a dependent by another person?

If **NO**, go to Step 2.
If **YES**, STOP. You cannot claim the EIC.

step 2

Were you (or your spouse, if filing jointly) at least 25 but under age 65 on December 31 of the tax year?

If **NO**, STOP. You cannot claim the EIC.
If **YES**, go to Step 3.

step 3

Did you (and your spouse, if filing jointly) live in the United States for more than half (at least 183¹ days) of the tax year?

¹More than 183 days in a leap year.

If **NO**, STOP. You cannot claim the EIC.
If **YES**, compute EIC using the appropriate EIC worksheet.

EIC Tiebreaker Rule



Qualifying Child of More than One Person

If more than one person files a return claiming the same qualifying child for the EIC, they first have the option to choose which person will claim the qualifying child. If they cannot choose, the IRS will use the tiebreaker rule to determine which taxpayer will be eligible to claim the benefit.

IF . . .

THEN the child will be treated as the qualifying child of the . . .

only one of the persons is the child's parent

parent

both persons are the child's parent

parent with whom the child lived for the longer period of time. If the child lived with each parent for the same amount of time, then the child will be treated as the qualifying child of the parent with the highest adjusted gross income (AGI)

none of the persons are the child's parent

person with the highest AGI



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Application of the Special Rules for Divorced and Separated Parents

The special rules for divorced or separated parents also applies to parents who never married. If the non-custodial parent meets the special rules for divorced or separated parents from the chart below that noncustodial parent is eligible for the dependency and Child Tax Credit **only**. The custodial parent or other eligible taxpayer, if all other requirements are met (Example: Grandparent) may be entitled to Head of Household Filing Status, Credit for Child and Dependent Care, and the Earned Income Credit for that child..

Probe/Action: Ask the taxpayer:

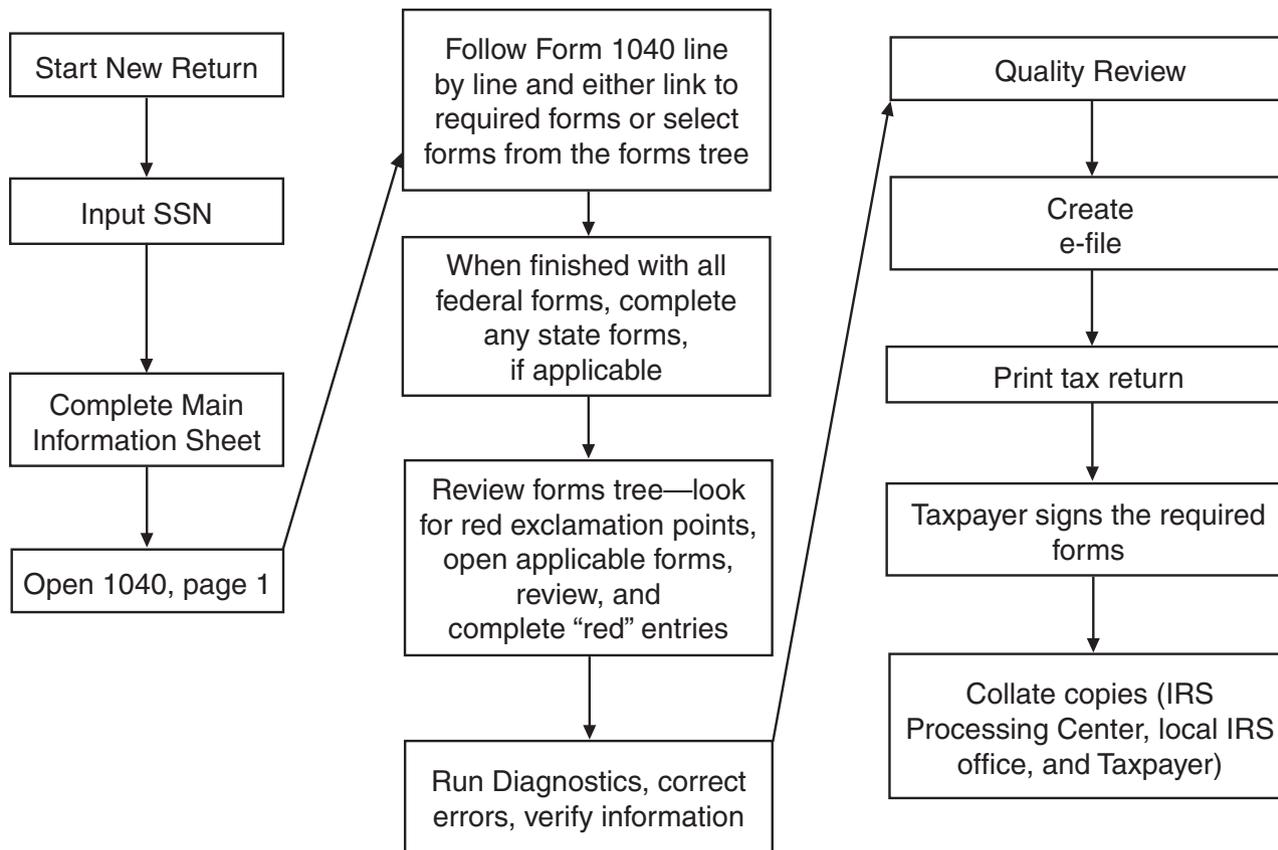
<p>step 1</p>	<p>Did the qualifying child receive over half of his or her support from their parents who are: Divorced OR Legally separated under a decree of divorce or separate maintenance OR Separated under a written maintenance agreement</p>	<p>If Yes, go to Step 3. If No, go to Step 2.</p>
<p>step 2</p>	<p>Did the qualifying child receive over half of his or her support from parents who lived apart at all times during the last 6 months of the year?</p>	<p>If Yes, go to Step 4. If No, you cannot claim an exemption for this child and you cannot claim EIC for this child.</p>
<p>step 3</p>	<p>Does the decree of divorce OR Separate maintenance OR written separation agreement entitle the noncustodial parent to the dependency exemption for the qualifying child? Note: If the decree or agreement was executed before January 1, 1985, the noncustodial parent must provided at least \$600 of support for the child during 2007.</p>	<p>If Yes, go to Step 5. If No, go to Step 4.</p>
<p>step 4</p>	<p>Did the custodial parent provide the taxpayer a signed written declaration (Form 8332 or similar document) releasing his or her claim to the exemption for the qualifying child?</p>	<p>If Yes, go to Step 5. If No, you cannot claim an exemption for this child and you cannot claim EIC.</p>
<p>step 5</p>	<p>Can you or your spouse, if filing jointly, be claimed as a dependent on someone else's tax return this year?</p>	<p>If Yes, you cannot claim this child as a dependent and you are not entitled to EIC. If No, you can claim an exemption for this child and if all other requirements are met you may qualify for EIC.</p>

NOTE: If the rules above apply and this child would otherwise be the qualifying child of more than one person:

- Only the noncustodial parent can claim the child for purposes of the Dependency Exemption (line 6c, Forms 1040 and 1040A) and the Child Tax Credits (lines 53 and 68, Form 1040).
- All other benefits related to a particular qualifying child, such as Head of Household filing status, the Credit for Child and Dependent Care Expenses, and the Earned Income Credit (EIC), stand alone and have their own sets of requirements that must be met by the taxpayer.

Example: Joanne and Jim are married and have two children together. Jim moves out in August. All family members are US citizens with valid SSN's. Both children stay in the home with Joanne. Jim has wages of \$19,000 and Joanne does not work. If Jim chooses to file a return without Joanne, his only option is Married Filing Separate. Joanne would have no reason to file a return without income. The only way any EIC could be received is if they file a joint return.

TaxWise® Flow Chart



Electronic Filing of Returns with Valid ITIN

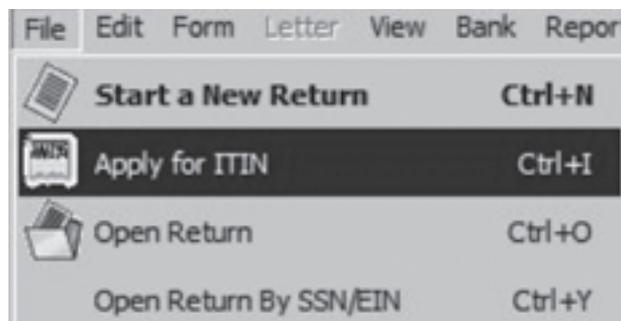
Returns can now be electronically filed when the taxpayer has an Individual Taxpayer Identification Number (ITIN) but has a Form W-2 with a social security number (SSN) not belonging to that taxpayer.

1. The taxpayer's ITIN must be entered on the top of Form 1040 in the space provided for the taxpayer's, or if applicable, spouse's social security number.

2. When entering wage data, the SSN should be entered exactly as shown on the Form W-2 issued by the employer. Do not alter the W-2.

Note: Do not prepare returns when there is a name mismatch with the Form W-2.

Apply for an ITIN



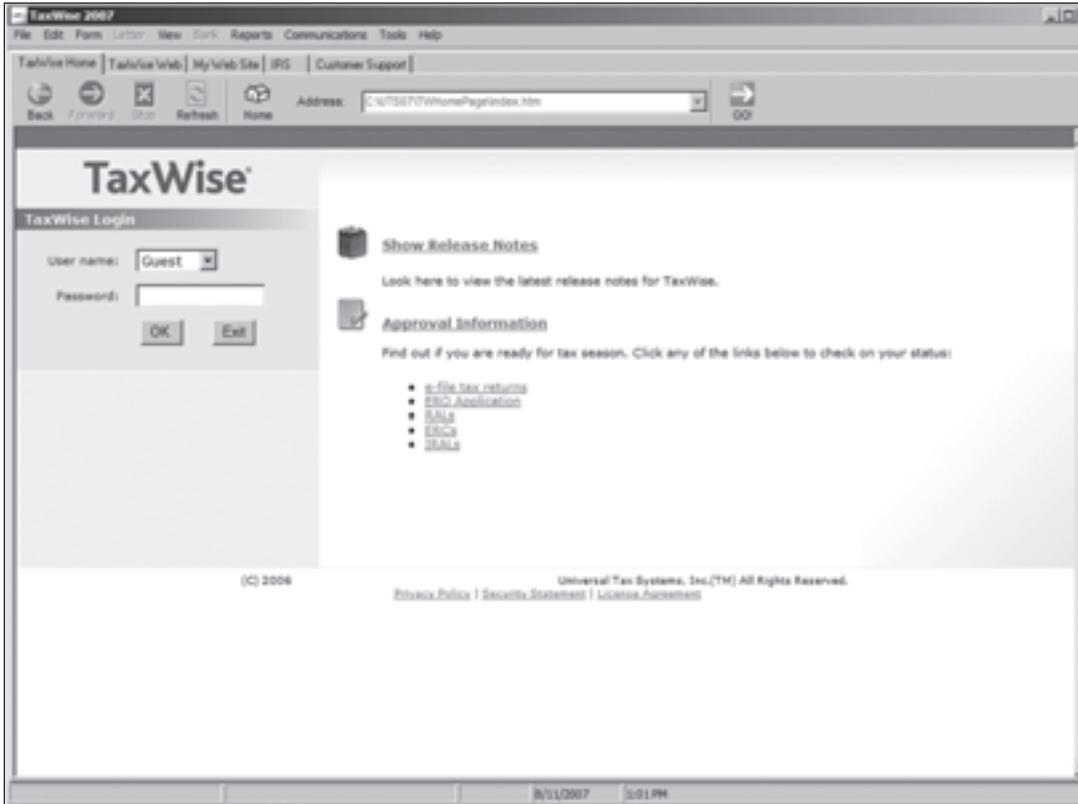
Selecting the “Apply for ITIN” option and TaxWise® will generate a unique identifier that will always begin with ITIN and be followed by 5 numeric characters..

Social Security Cards and Determining the Last Name of Taxpayer to Use in Tax Preparation Software

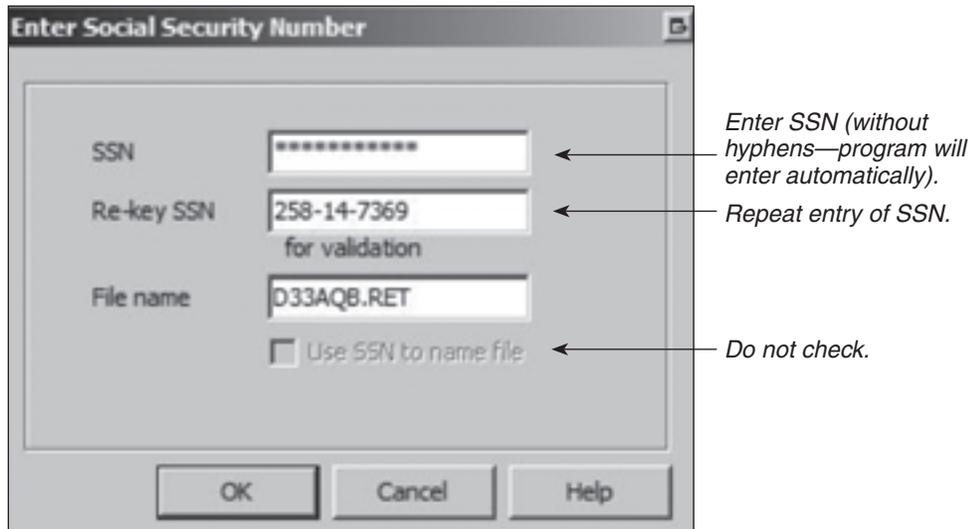
	FIRST NAME	M.I.	LAST NAME
Ralph John Teak	RALPH	J	TEAK
Dorothy A. Willow	DOROTHY	A	WILLOW
Joe McCedar	JOE		MCCEDAR
Thomas Alexander MacDouglas	THOMAS	A	MACDOUGLAS
John David O'Willow	JOHN	D	OWILLOW
James P. Ai	JAMES	P	AI
Bihn To La	BIHN	T	LA
Nam Quoc Tran	NAM	Q	TRAN
John Ao Sr.	JOHN		AO
			(Sr., Jr., III, IV, etc. would go in the Suffix Field or at end of last name)
“Van,” “Von,” “Vander,” “Al,” “El,” “Abu,” “Di,” “del,” “de,” “de la” are considered part of the last name.			
Mary J. Van Elm	MARY	J	VAN ELM
Amr El Bayoumi	AMR		EL BAYOUMI
Eduardo de la Rosa	EDUARDO		DE LA ROSA
A hyphen is sometimes used in a last name or when there are two last names.			
Joan Alice Hickory-Hawthorne	JOAN	A	HICKORY-HAWTHORNE
Thomas A. El-Oak	THOMAS	A	EL-OAK
When two Hispanic last names are shown, use the first last name, or “father’s family name.” In some instances there are three names shown on a social security card and the taxpayer has no middle name. Ask if the second name is the “father’s family name.”			
Ana Maria Gonzalez Torres	ANA	M	GONZALEZ TORRES
Juan Garza Morales	JUAN		GARZA MORALES
Maria Lopez y Moreno	MARIA		LOPEZ Y MORENO
Asian-Pacific names that include “Van” and “Thi” are not used as part of the last name. First names may be hyphenated.			
Kim Van Nguyen	KIM	V	NGUYEN
Nhat Thi Pham	NHAT	T	PHAM
Yen-Yin Chiu	YEN-YIN		CHIU
Jin-Jaing La	JIN-JAING		LA
Native American last names usually begin with the first word of the surname.			
Mary Her Many Horses	MARY		HER MANY HORSES
Earline Old Person	EARLINE		OLD PERSON
			If unsure, verify with taxpayer.

TaxWise® Log In Screen

Open TaxWise®, select “User Name,” enter “Password,” and click “OK.”



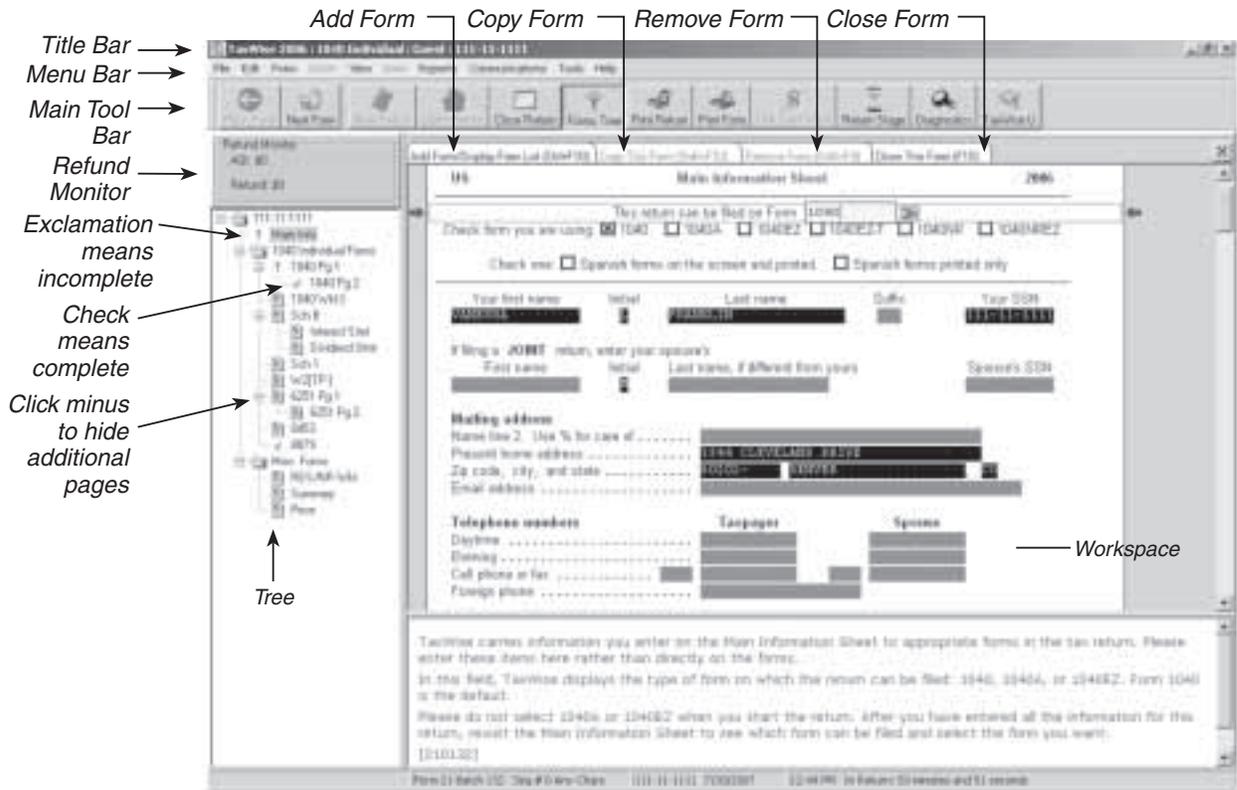
Starting A New Return



TaxWise® will automatically generate an alpha-numeric filename that will be associated with the SSN, the association will ensure unique file names for each return which will allow the program to show SSN rather than filename in TaxWise® Explorer and also during Backup and Restore. The option to Use SSN to name file will be grayed out.

TaxWise® Quick Reference

The TaxWise® Window



Browser Tool Bar



Main Tool Bar



Shift	IRS Help		Un-Estimate					Un-Override		Remove Form	Pause Timer
	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11
No Shift	TW Help	Save Return	Estimate		Calculator	Second Form	Return Status	Override	Link	Close Form	Insert Variable

COLOR SCREEN

Yellow..... Calculated Entries
 Green..... Non-calculated Entries
 Red Block..... Required Entries
 Red on Gray..... Overridden Entries
 White on Red..... Estimated Entries
 Yellow Block..... Scratch Pad Attached

Main Information Screen

US Main Information Sheet 2006

This return can be filed on Form

Check form you are using: 1040 1040A 1040EZ 1040EZ-1 1040NR 1040NREZ

Check one: Spanish forms on the screen and printed. Spanish forms printed only.

Your first name: VANESSA Initial: V Last name: FRANKLIN Suffix: Your SSN: 111-11-1111

If filing a **JOINT** return, enter your spouse's
 First name: Initial: Last name, if different from yours: Spouse's SSN:

Mailing address
 Name line 2. Use % for care of
 Present home address 0144 CLEVELAND DRIVE
 Zip code, city, and state 80202- DENVER, CO
 Email address

Telephone numbers

	Taxpayer	Spouse
Daytime		
Evening		
Cell phone or fax		
Foreign phone		

Birth date 11/13/1970 07/14/1968
 Age for Federal tax purposes 36 6

Taxpayer's occupation SALES ASSOCIATE
 Spouse's occupation COOK

Foreign Address
 Foreign street address
 Foreign city, state, zip code, PO code

Do not use punctuation marks (period, comma, or hyphen).

Always use Form 1040.

Verify

Enter spouse SSN.

Verify spouse last name with SS card. If different than taxpayer, enter last name here.

Note 1: see below.

Enter zip code first. See note 2.

Always ask for at least one telephone number.

Enter area code first.

Must input birth date. Include spouse if joint return. Enter as mmddyyyy (program will enter slash marks).

Do not use foreign address field for APO/FPO addresses. (See Note 3.)

Note 1: Use only if additional name needed for in care of, two line street address, or name of surviving spouse if spouse died during the last two years.

Note 2: TaxWise® will then auto fill the city and state once the zip code is entered. The auto entry can be changed if needed.

Note 3: If return is for Canadian resident, the address should be put entirely on the foreign street address line. Leave city, state, and zip fields blank.

Main Information Screen (Cont)

Taxpayer Information	
Disaster designation - IRS e-filing field 98	<input type="text"/>
Special military processing	<input type="text"/>
Are you excluding Puerto Rico income from this tax return?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "Yes", enter the amount of income excluded	<input type="text" value="0"/>
Check if blind	Taxpayer <input type="checkbox"/> Yes Spouse <input type="checkbox"/> Yes
Check if totally and permanently disabled	Taxpayer <input type="checkbox"/> Yes Spouse <input type="checkbox"/> Yes
Date of death, ONLY if in 2005 or 2006 (e-filing allowed for both)	Taxpayer <input type="text"/> Spouse <input type="text"/>
This tax return is being filed by <input type="checkbox"/> the surviving spouse or <input type="checkbox"/> someone else.	
Presidential Election Campaign	Check here if you, or your spouse if a joint return, want \$3 to go to this fund <input type="checkbox"/> You <input type="checkbox"/> Spouse
Filing Status	
1	<input checked="" type="checkbox"/> Single
2	<input type="checkbox"/> Married filing jointly (even if only one had income)
3	<input type="checkbox"/> Married filing separately
Spouse's first name: <input type="text"/> Last name: <input type="text"/> SSN: <input type="text"/>	
Did your spouse ever live with you in 2005? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If "Yes", did you and your spouse live together at anytime after June 30, 2005? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Married filing separately, only. If the state in the address above is a community property state, AZ, CA, ID, LA, NV, NM, TX, WA, or WI, answer the following questions.	
Military	Is this your home of record? <input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes", fill in the Community Property Allocation Worksheet.	
Others	Are you a resident of this community property state? <input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes", fill in the Community Property Allocation Worksheet and use Form 1040. If "No", you CANNOT e-file this return.	
4	<input type="checkbox"/> Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter the child's name <input type="text"/> and social security number <input type="text"/> New for 2005 A self-supporting child who lives with you IS NOT a qualifying person.
5	<input type="checkbox"/> Qualifying widow(er) with dependent child. Year spouse died (2003 or 2004 only): <input type="text"/>
6 Exemptions	a <input checked="" type="checkbox"/> Yourself b <input type="checkbox"/> Spouse
Number of boxes checked on 6a and 6b. <input type="text" value="1"/>	
Check if	
(a) you can be claimed on another person's return	<input type="checkbox"/>
(b) filing status 2 and spouse can be claimed on another person's return	<input type="checkbox"/>
(c) you are using filing status 4 and claiming nonresident alien spouse	<input type="checkbox"/>
Spouse's first name: <input type="text"/> Spouse's last name: <input type="text"/>	
Spouse's SSN or ITIN: <input type="text"/>	

If applicable, use only one combat zone.

Usually check No.

Important for calculation of standard deduction.

Complete for deceased taxpayer.

Ask taxpayer. Answer does not affect refund or balance due.

Verify exemptions. College/high school students or young military personnel who entered the military this tax year may be eligible to be claimed on someone else's tax return.

Main Information Screen (Cont)

c Dependents/Nondependents

First name	Last name	Date of birth	Age	Social security number	Relationship to YOU	Mo in Hm	Code	EIC
CARLEY	FRANKLIN	09/07/1998	1	111-11-1113	SON	1	1	<input checked="" type="checkbox"/>
ACE	FRANKLIN	02/15/2002	2	111-11-1114	DAUGHTER	1	1	<input checked="" type="checkbox"/>
								<input type="checkbox"/>
								<input type="checkbox"/>

Totals from Above: Statement

Number of your children who lived with you Box 6c1 .

Number of your children who didn't live with you due to divorce or separation Box 6c2 .

Number of other dependents Box 6c3 .

Noncustodial Parents. If you are claiming, as a dependent, a child who does not live with you, you MUST attach to the tax return, or Form 8453 if e-filing, a written document that substantiates your right to claim this dependent. Check the item you are attaching.

A copy of a pre-1985 divorce or separation agreement or

A copy of a post-1984 divorce or separation agreement without conditions or

Form 8332 - Release of Claim of Exemption or

Total number of exemptions claimed Box 6d ..

Verify names, SSN, and dates of birth with social security card to prevent rejected returns.

Last Name—Enter last name only if different from primary taxpayer.

Use down arrow or space bar on [Relationship to YOU], [Mo in Hm], and [Code] columns for valid choices.

DC is credit for child and dependent care expenses.

EIC is earned income credit.*

CTC is child tax credit—TaxWise® automatically determines if child is a qualifying child based upon your input.

Check applicable box if noncustodial parent.

* EIC must be checked to bring up the applicable EIC forms. If in doubt, check the box.

Use the Code box to indicate relationship as follows:

- 1 = Your dependent child who lives with you
- 2 = Your dependent child who does NOT live with you due to divorce or separation
- 3 = All other dependents
- 0 (zero) = Nondependents

If There Are More Than Four Dependents

If there are more than four dependents to list, enter the first four on the Main Information Sheet. To enter the rest of the dependents, open Form 1040, page 1, link from any field in the dependents section. Link to **NEW Addl Deps - Form 1040 Line 6c**, the Additional Dependents Statement. Last names must be used on the Additional Dependents statement.

TaxWise® carries the first four dependents from Main Info to the statement. List the remaining dependents below the first four.

Caution. Do not list nondependents on the Additional Dependents statement. List nondependents **only** on the Main Information Sheet. Also, children who are qualifying children for EIC or dependent care credit must be entered on the Main Information Sheet.

Qualifying Child(ren) for Earned Income Credit (EIC):

If the taxpayer qualifies (or may qualify) for earned income credit (EIC), you MUST enter the birth date and select the EIC check box for qualifying children. This information carries to Schedule EIC. TaxWise® calculates the amount of earned income credit if the client qualifies based on income and other requirements.

Main Information Screen (Cont)

State Information If you are not preparing a state return, check here <input checked="" type="checkbox"/> or fill in state information below Full year resident: ___ and ___ Part-year: ___ and ___ Nonresident: _____		Check box if not preparing state returns.
Type of Return <input type="checkbox"/> Bank products <input type="checkbox"/> E-file ONLY <input type="checkbox"/> Paper		Paper or e-file are only choices.
Select Your Bank <input type="checkbox"/> Chase <input type="checkbox"/> HSBC <input type="checkbox"/> Republic <input type="checkbox"/> Santa Barbara <input type="checkbox"/> River City <input type="checkbox"/> Other		Do not make entries in this section.
Fee Collect This product is available only to tax preparers registered to offer it. Does the taxpayer want to have your tax preparation fees deducted from his or her refund? <input type="checkbox"/> Yes <input type="checkbox"/> No		Do not use this section unless your agency is participating in the program.
Bank account information for: Direct deposit: E-filing, paper returns, RAL/ERC direct deposit refund; or Electronic Funds Transfer (ACH Debit) available for E-filing only. Routing transit number (RTN) of financial institution Account number (DAN) including hyphens		RTN must be 9 characters. Type account number exactly as shown on check.*

State Information

A federal return may have as many as 9 state returns attached, in any combination; for example, two different full-year resident states (one for taxpayer and one for spouse), two different part-year states, and five different nonresident states.

Consult instructions for each state to determine which status applies to the taxpayer. To view instructions for the state individual package, select "Help" from any field in the "State Information" section of the Main Information Screen and scroll to State Information. Select [click here] and then select the applicable state of interest.

* Do not use a preprinted deposit slip.

Main Information Screen (Cont)

Self-Select and Practitioner PIN(s)

ERO PIN for both the Self-Select and Practitioner PIN programs 98765

Check if using the Practitioner PIN method for e-filing this income tax return or Form 4868 with direct debit

What form(s) are you e-filing using PINs?

The income tax return

Form 4868 without direct debit. No PINs required

Form 4868 with direct debit

* Form 2350 without direct debit

* Form 2350 with direct debit

* Requires date(s) of birth above and 2005 original AGI or 2005 PIN. FB to change spouse AGI, if incorrect.

Taxpayer's original 2005 AGI: [redacted] 0. Spouse's original 2005 AGI: [redacted] 0.
 OR taxpayer's 2005 PIN: [redacted] 0. OR spouse's 2005 PIN: [redacted] 0.

Does this income tax return qualify to use a PIN? **YES.**

The taxpayer (or spouse) is under 16 years of age. Does not apply to Practitioner PIN Program.
 The following forms are required to be attached to Form 8453.

<input type="checkbox"/> Form(s) 8332	<input type="checkbox"/> Copy of divorce or separation agreement
<input type="checkbox"/> Forms(s) 8283, page 2 and appraisal	<input type="checkbox"/> Other documents you selected to attach
<input type="checkbox"/> Form 8865 attachments	<input type="checkbox"/> Form 3468 attachment required
<input type="checkbox"/> Form(s) 1098C	<input type="checkbox"/> Form 4136
<input type="checkbox"/> Schedule D transaction listing	

The information below, as well as the ERO PIN above, must be filled in for both PIN programs.

The date must be entered below. This is today's date 07/30/2007

Taxpayer's PIN: [redacted] Enter 5 numbers, other than all zeroes. Do NOT use @Today.
 Date: 07/30/2007

I authorize do not authorize

ERO firm name: [redacted] to enter this PIN as my signature on my tax year 2006 electronically filed income tax return.

Enter **98765**

Check for Practitioner PIN.

Only first box should be checked.

To use Self-Select PIN, taxpayers must bring their prior year tax return or know their prior year PIN.

Last year's AGI or prior year PIN required for SSP.

Review this line when return is complete to ensure taxpayer is eligible for Practitioner PIN or Self-Select PIN.

For Practitioner or Self-Select PIN signature, taxpayer(s) must enter a five digit number (not starting with zero). If MFJ, spouse must also enter PIN.

*Preparer can enter PIN for Practitioner PIN, but taxpayer will need to sign Form 8879.

Check **do not authorize** for Self-Select PIN.

Check **authorize** for Practitioner PIN.*

Main Information Screen (Cont)

Third Party Designee
 Do you want to allow another person to discuss this return with the IRS? Yes No

Designee's name: [Redacted] Designee's telephone: [Redacted] Designee's PIN (cannot be 00000): [Redacted]

Preparer Information Check to bill as a self-prepared return:

Preparer's ID: [Redacted] Date: [Redacted]
 Preparer's name: [Redacted] Print as signature:
 Preparer's SSN: [Redacted] PTIN: [Redacted] EIN: [Redacted]
 Firm name: [Redacted] Check if also ERO:
 Address: [Redacted] Check if self-employed:
 Zip code: [Redacted] Phone: [Redacted]
 Email address: [Redacted] Fax: [Redacted]
 Non-paid indicator: [Redacted] IRS only:

Preparer's Use Fields

1 [Redacted] 2 [Redacted] 3 [Redacted] 7 [Redacted]
 4 [Redacted] 0. 5 [Redacted] 0. 6 [Redacted] 0.

Time in this return: 99 minutes Tax bracket: 10.0 Price: 0.00

Information below is for the preparer. It will print and proforma. Notes to the client should be listed on the Summary Sheet.

[Redacted]

Usually check No. Cannot be volunteer preparer.

The PTIN field should have an entry by default and the **IRS only** box should be checked. If not, please contact your site manager. Do not enter any other information in Preparer Information.

The following is for military only
 Field 1: Enter one of the following:
 Grade (E4, O3, etc.)
 RET
 DEP
 DOD
 Field 2: Enter one of the following:
 USAF
 USA
 USN
 USMC
 USCG
 DOD
 Field 3: Taxpayer's organization
 (i.e., 12FW/JA)

Check information on the Main Information Sheet for accuracy and complete any required fields. When complete, close form (F10).

Note: Preparer's Use Fields are for sites use and are defined by the site coordinator.

Income

The following are examples of income items to consider in determining entries into TaxWise®:

Form	Type	Go to 1040 Line	TaxWise® Entries (See Note 1)
W-2	Wages & Salaries	7	Link and complete Form W-2
1099-INT	Interest	8a	Link to Schedule B, Interest and Ordinary Dividends, and then link to the Interest Stmt
1099-DIV	Dividends	9	Link to Schedule B, Interest and Ordinary Dividends, and then link to the Dividend Stmt
1099-MISC	Miscellaneous Income (See Note 2)	12	Link to Schedule C-EZ, then link from Income to 1099-MISC and then complete Schedule C-EZ
1099-B	Sale of Stock	13	Link to Schedule D, and then link Cap Gn Wkt
1099-R	Distributions from Retirement Plans	16	Link and complete Form 1099-R
RRB-1099-R	Railroad Retirement Benefits (Tier 2)	16	Link and complete Form 1099-R
1099-G	Certain Government Payments	19	Link and complete Form 1099-G
SSA-1099R	Social Security Benefits	20	Link and complete 1040 Wkt 1
RRB-1099	Railroad Retirement Benefits (Tier 1)	20	Link and complete 1040 Wkt 1
W-2G	Gambling Winnings	21	Link from "Amount" box to complete line 21, Other Income

Other Income

Once the main information and income statements are entered, TaxWise® automatically makes available all forms and schedules for credits except Hope and lifetime learning credits and retirement savings contribution credit if there is only a Roth IRA contribution. These credit forms and schedules will be annotated with a red exclamation point.

Note 1: If the applicable form is in the left-hand tree, it may be selected directly rather than linking from Form 1040.

Note 2: For miscellaneous nonemployee compensation, it is important to link to Form C-EZ and then to Form 1099-MISC to ensure that the self-employment tax is properly computed.

How/Where To Enter Income

Select "1040 Pg 1" from the tree and press {page down} twice to go to line 7 of 1040.

Note: Do not override to enter information where the type is yellow (calculated entry). Link instead to access the appropriate entry form.

Income			
7	Wages, salaries, tips, etc. AB <input type="checkbox"/> FB <input type="checkbox"/> DCB <input type="checkbox"/> SNE <input type="checkbox"/> SSHIP <input type="checkbox"/>	30,000.	Link to Form W-2.
	Taxable scholarship not on Form W2	0.	
	Household employee income not on Form W2	0.	
8a	Taxable interest	0.	Link to Sch B, Interest and Ordinary Dividend Income.
b	Tax-exempt interest	0.	
9a	Ordinary dividends including qualified dividends from Forms 8814, listed on Schedule B <input type="checkbox"/> 0.	0.	
b	Qualified dividends including qualified dividends from Form 8814, listed on Schedule B <input type="checkbox"/> 0.		
	Qualified dividends from Schedules K-1 are included on line 9b. Do NOT list these amounts on Schedule B <input type="checkbox"/> 0.	0.	
<div style="border: 1px solid black; padding: 5px;"> Did you itemize deductions last year and receive state or local tax refunds, credits, or offsets? Answer "No" if you deducted state sales tax instead of state income tax <input type="checkbox"/> Yes <input type="checkbox"/> No </div>			
10	Taxable refunds, credits, or offsets of state and local income taxes. F9 for worksheet	0.	Link to state tax refund worksheet.¹ Enter directly.
11	Alimony received	0.	Link to Sch C or Sch C-EZ.²
12	Business income or (loss)	0.	Link to Sch D, page 1.
13	Capital gain or (loss)	0.	
14	Other gains or (losses)	0.	
15a	IRA distributions	0.	
b	Taxable amount	0.	Link to new Form 1099R.
16a	Pensions and annuities	0.	
b	Taxable amount	0.	Link to new Form 1099R.
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc	0.	Link to Sch E, page 1.
18	Farm income or (loss)	0.	
19	Unemployment compensation	0.	
	Repayment of 2006 unemployment compensation	0.	Link to new Form 1099-G.
20a	Social security benefits	0.	
b	Taxable amount	0.	Link to new Form 1040 wkt 1.
21	Other income. *Type: <input type="text"/> Amount: <input type="text"/>	0.	

¹ List state refund only if taxpayer itemized deductions (on Schedule A) last year and taxes were reduced because of deductions.

² For taxpayers with Form 1099-MISC with nonemployee income, link from line 12 to Sch C-EZ and then link to Form 1099-MISC from line 1. Entering the information this way will automatically calculate self-employment tax.

*Link for appropriate form, worksheet, or scratchpad. Use **Add Form** feature to complete Form 2555 or Form 2555EZ, if applicable.*

Form W-2 Instructions

US W-2 Wage and Tax Statement

This W-2 statement is for: Employer Spouse

Check if this W-2 is handwritten, altered, or appears not to be a true W-2.
 Check if this is the taxpayer's address shown on the W-2 or
 Check and make changes: 6 MATHIS DRIVE
 30165- Rome GA

Check if employer was contacted to verify W-2 (Bank product only) Employer phone: _____
 Check to take calculations off of lines 3, 4, 5, and 6
 Check to take calculations off of line 16, state wages.

a Control number: _____ Corrected W-2 (W-2C): Void:

b Employer ID: _____ Name code: _____	1 Wages, tips, etc. _____	2 Federal tax withheld _____
c Employer's name _____ Employer's care of name: Use % for care of, _____ Employer's address: _____ Employer's Zip code, city, and state: _____	3 Social security wages _____	4 Social security tax withheld _____
	5 Medicare wages _____	6 Medicare tax withheld _____
	7 Social security tips _____	8 Allocated tips _____
d Employee's social security number: 331-99-1146	9 Advance EIC payment _____	10 Dependent care benefits _____
e Employee's name and address TAXPAYER SAMPLE _____	11 Nonqualified plans _____	
f Employee's address and Zip code 6 MATHIS DRIVE Rome GA 30165- _____		

12 Code Amount YV -->Year ____ 0. ____ for prior year ____ 0. ____ USERRA ____ 0. ____ contribution	14 Other Type Amount Qualifies for Form 8880 ____ 0. <input type="checkbox"/> ____ 0. <input type="checkbox"/> ____ 0. <input type="checkbox"/> ____ 0. <input type="checkbox"/>
--	---

13 Statutory employee Retirement plan Third party sick pay

RR = Railroad; T = Tier RRT1: _____ RRT2: _____ RRTM: _____

See instructions below for statutory employee box and line 16.

15 State	State ID number	16 St wages	17 State tax	18 Loc wages	19 Local tax	20 Local name
____	_____	_____ 0.	_____ 0.	_____ 0.	_____ 0.	_____
____	_____	_____ 0.	_____ 0.	_____ 0.	_____ 0.	_____
____	_____	_____ 0.	_____ 0.	_____ 0.	_____ 0.	_____

Tax Tip: If there is more than one Form W-2, select the **Copy W-2** tab.

Compare this address to Form W-2 address. If same, check second box. If different, check third box and enter address exactly as it appears on Form W-2.

If boxes 3, 4, 5, and 6 **do not** match taxpayer's copy of Form W-2, check fifth box and enter data exactly as it appears on Form W-2.

Review box 2 and box 17 to ensure tax withheld was entered and is correct.

Form W-2 ALERT!

IRS requires that information on electronically filed Form(s) W-2 match the printed Form(s) W-2 exactly.

A taxpayer with multiple Forms W-2 could possibly have a different address on several, if not all, of the Forms W-2.

Check them carefully; the change must be made on every Form W-2 that is different than the current address.

IMPORTANT!

The most current address entered in MAIN INFO will not be affected and will remain the current address for the taxpayer(s).

How to Enter Unreported Tips

How to Enter Unreported Tips:

Link to Form 4137 from line 7 or Line 59 of Form 1040. Form 4137, line 1 will calculate automatically as you enter figures in lines 3 and 4. Reported tips from Form W-2, box 7, will appear on line 2. Allocated tips in box 8 of Form W-2 will carry over to line 3 of Form 4137. The employer name will automatically appear at the top of Form 4137.

If the taxpayer has unreported tips, you may need to override a few entries on Form 4137. Use override function on the Employer's Name and enter it if it does not appear automatically. If the taxpayer has a tip log that shows a different amount than his or her allocated tips, press F8 to override line 3 and enter the actual amount received.

If the taxpayer has no allocated tips, then the amount of unreported tips can be entered directly on line 3. If, in any month, less than \$20 in tips were received and not reported to the employer, enter the amount on line 4. If the correct occupation doesn't carry from the Main Information Sheet, press F8 in the Occupation block and enter it.

Unreported tips will display on line 7 of Form 1040. In TaxWise®, Form 4137 figures the employee portion (7.65%) of social security and Medicare taxes; these will display on line 59.

Schedule B – Interest

Name will be red when it is first entered on Sch B. Once an entry is made on line 1b, the red will disappear.

Link to Interest— Stmt-Schedule B, line 1b interest income.

Do not make entry directly on line 1b; link to the worksheet.

Interest Statement for Schedule B, Line 1b Interest Received

US Schedule B		Interest Received						2006	
Payer	Amount	TSJ	State adjust +/-	Amount	NAE OB	NAEOB amount	AMT PAB	Early penalty	Federal withheld
CREDIT UNION	15			0.		0.	0.	0.	0.
	0.			0.		0.	0.	0.	0.
	0.			0.		0.	0.	0.	0.
	0.			0.		0.	0.	0.	0.
	0.			0.		0.	0.	0.	0.

Enter name of payer, abbreviate as needed to fit on line (approximately 20 characters). Do not use punctuation.

Amount column includes tax-exempt interest (listed again in NAEOB column and PAB amount).

Enter amount from Form 1099-INT, box 1 or box 3.

Enter from Form 1099-INT, box 8
Enter from Form 1099-INT, box 9

Enter amount from Form 1099-INT, box 2.

Enter amount from Form 1099-INT, box 4.

Note: Use only 1 interest statement to record all interest/dividend income.

Additional Interest, NAEOB and State Adjustments

TSJ: Annotating who received interest is important for state tax purposes.

State Adjustment: **IMPORTANT**—When a state return has been selected on the Main Information Screen, the entries are transferred directly to the state return. If state tax law treats the interest differently, an adjustment has to be made in the State adjust column.

Example 1: Interest from U.S. government HH bond is fully taxable on the federal return. If this interest is not taxable on the state return, an adjustment has to be made by entering a “-” in the State adjust +/- column followed by the amount in the State adjust column. This action will adjust the entry in the state return.

NAEOB column enter:

- N – Nominee interest—Interest transferred to another person
- A – Accrued interest—Interest paid to seller at time of purchase
- E – Federal tax exempt interest
- O – OID – Generally not used since most interest reported on Form 1099 OID is fully taxable and should be entered as ordinary interest.
- B – Amortized bond premium—See IRS Publication 1212 for more detail.

*Example 2: Municipal bond interest from the taxpayer’s state is tax exempt for both the federal and state return. An “E” entered in the NAEOB column will result in the interest showing as tax exempt in both the federal and state return. **No entry is needed in the State adjust column.***

Example 3: Municipal bond interest from a state other than the taxpayer’s state is tax exempt for the federal return but is taxable on the state return. Entering an “E” in the NAEOB column will show the entry as tax exempt for both the federal and state returns; therefore, an adjustment has to be made in the State adjust column. Enter a “+” in the State adjust +/- column followed by the amount in the State adjust column. This action will adjust the entry in the state return.

TAX TIP: Always fill in the additional interest form as though there is only a federal return. This entry is transferred directly to the state return. Then, ask the question, “Is the interest treated differently on the state return?” If the interest is treated differently, adjust by entering the appropriate +/- and amount in the State adjust column.

Schedule B—Ordinary Dividends

Part II: Ordinary Dividends		
	5 Payer. If the payer is a brokerage firm, list the firm's name as the payer.	Amount
a	MUTUAL FUND	50.
b	STOCK	45.
c	.....	0.
d	.....	0.
e	.....	0.
f	.....	0.
g	.....	0.
h	.....	0.
+ i	.....	0.
+- j	.....	0.
* The qualified dividends from Forms 8814 transfer to line i. If you are using the dividend statement, check here <input type="checkbox"/> AND manually enter in BOTH the ordinary dividends column AND the qualified dividends column: 0. for the taxpayer and 0. for the spouse on the statement. List the payer as Form 8814.		
+- The dividends from Schedules K-1 transfer to line j. If you are using the dividend statement, check here <input type="checkbox"/> AND manually enter: 0. for the taxpayer and 0. for the spouse on the statement as K-1 dividends.		
Subtotal		95.
Nominee distributions (N)		0.
6	Add the amounts on line 5	95.

Note: Do not make entries directly on line 5a; link to the worksheet.

*Link to Dividend
 Stmt-Schedule B,
 line 5 Dividend Income.*

Dividend Statement for Schedule B, Line 5 Dividend Income

US Schedule B		Dividend Income										2006
Payer	Ordinary dividends	Qualified dividends	TSJ	State adj +/- \$	N	Capital gain	1250 gain	28% gain	Fed. with	Exempt int. div	AMT PAE	
MUTUAL FUNDS	50.	0.		0.		0.	0.	0.	0.	0.	0.	
STOCK	45.	0.		0.		0.	0.	0.	0.	0.	0.	
	0.	0.		0.		0.	0.	0.	0.	0.	0.	
	0.	0.		0.		0.	0.	0.	0.	0.	0.	
	0.	0.		0.		0.	0.	0.	0.	0.	0.	
	0.	0.		0.		0.	0.	0.	0.	0.	0.	
	0.	0.		0.		0.	0.	0.	0.	0.	0.	
	0.	0.		0.		0.	0.	0.	0.	0.	0.	

Enter name of payer, abbreviate as needed to fit on line.

Enter amount from Form 1099-DIV, box 1a.

Enter amount from Form 1099-DIV, box 1b.

Enter amount from Form 1099-DIV, box 2a. This amount will automatically flow to Sch D, Line 13.

Enter amount from Form 1099-DIV, line 2b.

Enter amount from Form 1099-DIV, line 2d.

Enter amount from Form 1099-DIV, box 4.

Type the amount of exempt interest dividends received from a regulated investment company (mutual fund). Exempt interest/dividends are not shown on Form 1099-DIV or Form 1099-INT. Instead taxpayers receive a notice from the fund telling them the amount of exempt interest dividends they received.

Additional Dividends Entries

TAX TIP: Note that the procedure for entering tax exempt interest dividends on the Dividend Stmt Dividend Income form does not require an entry in the Ordinary Dividends column. Tax exempt dividends are entered once in the Tax Exempt column. This is different from the procedure used on the Interest Stmt Interest Income form where the first Amount column includes tax-exempt interest, and then the tax-exempt interest portion is listed again in the NAEOB column.

State adjustment: When a state return has been selected on the Main Information Screen, entries made in the Additional Dividends form will be treated the same on the state return. If state tax law treats the dividend differently, an adjustment has to be made in the State adj column.

Example 1: Enter dividends from direct federal government obligations which are fully taxable on the federal return but tax exempt on the state return. Entering the dividend in the Amount column will result in the dividend showing up as taxable on both the federal and state returns. Therefore an adjustment has to be made in the State adj column by entering a "-" and the amount. This will result in the dividend showing up as tax exempt on the state return.

TAX TIP: Always fill in the additional dividend form as though there is only a federal return. This entry is transferred directly to the state return. Then, ask the question, "Is the dividend treated differently on the state return?" If yes, adjust by entering the appropriate +/- and amount in the State adj column.

Schedule C-EZ Business Income

US Schedule CEZ **Net Profit from Business** **2006**

This business or profession is owned by the: Taxpayer Spouse

Name of proprietor: **VANESSA L FRANKLIN** SSN: **111-11-1111**

Part I: General Information

You may use this form

if you >>>

- Had business expenses of \$5,000 or less.
- Use the cash accounting method.
- Did not have an inventory at any time during the year.
- Did not have a net loss from this business.
- Had only one business as either a sole proprietor or statutory employee.

and you >>>

- Had no employees during the year.
- Are not required to file Form 4562, Depreciation and Amortization, for this business. See Schedule C, line 13; instructions.
- Do not deduct expenses for business use of your home.
- Do not have prior year unallowed passive activity losses from this business.

A Principal business or profession, including product or service

B Business code

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN)

E Business address including suite or room number. Not required if the same as the tax return address. Zip code, city or town, and state

Part II: Figure Your Net Profit

1 Gross receipts. If this income was reported to you on Form W2 and the "Statutory employee" box on that form was checked, check here

2 Total expenses, if more than \$5,000, use Schedule C

3 **Net profit.** If less than -0-, you MUST use Schedule C

Part III: Information on Your Vehicle Complete this part only if you are claiming vehicle expenses.

4 When did you place your vehicle in service for business purposes? (MM/DD/YYYY)

5 Of the total number of miles you drove your vehicle during the year, enter the number of miles you used your vehicle for

a Business: **b** Commuting: **c** Other:

Business miles at the standard mileage rate of **14.5¢**. Include this amount with any other expenses you list on line 2 above

6 Do you (or your spouse) have another vehicle available for personal use?

7 Was your vehicle available for use during off-duty hours?

8a Do you have evidence to support your deduction?

b If "Yes", is the evidence written?

Sch C-EZ can be used only if these statements are true. **Note:** Only one Sch C-EZ is allowed per return.

To find appropriate code, go to TaxWise® Help and select Business Codes.

If taxpayer does not have an EIN, leave blank.

If taxpayer has Form 1099-MISC for nonemployee compensation, link and select New Miscellaneous Income from Form 1099-MISC.

Can link to a scratch pad to accumulate expenses.

Once net profit is calculated, TaxWise® will automatically complete Sch SE.

If mileage is calculated, you must manually add the expense to the amount on line 2.

Any Form 1099-MISC with nonemployee compensation (box 7) must be entered on line 1 by linking to Form 1099-MISC.

1099-R Pension and Annuity Income

US 1099-R Distributions from Profit-Sharing, Retirement Plans, IRA's, etc.				
This 1099-R is for the: <input type="checkbox"/> Taxpayer <input type="checkbox"/> Spouse				
<input type="checkbox"/> Check if this 1099-R is handwritten, altered, or appears not to be a true 1099-R.		<input type="checkbox"/> Corrected		
Payer's ID: [REDACTED] <- F8 for Sub 1099-R Name code: [REDACTED]	1 Gross (RRB line 7) [REDACTED] 0.	Taxable amount not determined <input type="checkbox"/>		
Payer's name [REDACTED] Payer's care of name. Use % for care of. [REDACTED] Payer's address [REDACTED] Payer's Zip code, city, and state [REDACTED]	2 Taxable amount [REDACTED] 0.	Total distribution . . . <input type="checkbox"/> Elect 10 averaging . . . <input type="checkbox"/>		
	3 Capital gain in line 2 [REDACTED] 0.	4 Federal tax withheld [REDACTED] 0.		
	5 Employee contribution or insurance premiums [REDACTED] 0.	6 Net unrealized appreciation in employer's securities [REDACTED] 0.		
Recipient's social security number: 331-99-1146	7 Codes: IRA / SEP / [REDACTED] Simple . <input type="checkbox"/>	8 Other [REDACTED] 0.0 % [REDACTED] 0.		
Recipient's name TAXPAYER SAMPLE Recipient's address 6 HATHIS DRIVE [REDACTED] Rome [REDACTED] GA 30165		Check if disability and the taxpayer is disabled . . . <input type="checkbox"/> Check to force Form 5329 - See F1 Help <input type="checkbox"/>		
Account number (optional) [REDACTED]	9a Percentage of total distribution [REDACTED] 0.0 %	9b Total employee contributions [REDACTED] 0.		
See F1 Help on the state return for use of these boxes. Instructions vary by state. Check if applies. Box 1 <input type="checkbox"/> Box 2 <input type="checkbox"/> Box 3 <input type="checkbox"/> Railroad retirement <input type="checkbox"/>	10 State tax [REDACTED] 0.	11 State and state ID no. [REDACTED]	12 State distribution [REDACTED] 0.	
	[REDACTED] 0.	[REDACTED]	[REDACTED] 0.	
	13 Local tax [REDACTED] 0.	14 Locality name [REDACTED]	15 Local distribution [REDACTED] 0.	
	[REDACTED] 0.	[REDACTED]	[REDACTED] 0.	
	[REDACTED] 0.	[REDACTED]	[REDACTED] 0.	

Complete TaxWise® version of 1099-R using information from taxpayer's Form 1099-R or Form RRB-1099-R. Make sure the paper and electronic versions match.

No amount is entered if Simplified General Rule is used.

Check if Code 3 is in box 7—person on disability but under retirement age. This makes the amount go to Wages, line 7 on Form 1040, rather than the pension line.

With Form 1099-R selected, link to Help screen to bring up 1099-R instructions. Scroll to and select applicable state for state instructions on use of boxes 1, 2, and 3 and Railroad Retirement.

Form 1099 Alert

IRS requires that information on electronically filed Form(s) 1099 match the printed Form(s) 1099.

Railroad Retirement, Civil Service, and Social Security Benefits

Form RRB-1099-R—Tier 2 (Green form) Non-Social Security Equivalent Benefits (NSSEB)—NSSEB includes all Tier 1 and Tier 2 Railroad Benefits not included on Form RRB-1099. It should be treated the same as any other qualified employee retirement plan.

Enter RRB 1099-R data on TaxWise® Form 1099-R as follows:

Box	From RRB-1099-R	To TaxWise®
3	Employee Contributions	1099-R box 9b and line 1 of Simplified General Rule section
7	Gross Distribution	1099-R box 1
9	Federal Income Tax Withheld	1099-R box 4
12	Medicare Premium Total	Sch A—Detail—if itemizing deductions

Complete TaxWise® Form 1099-R as follows:

- Click in box to the right of box 1—“Taxable amount not determined”
- A distribution Code (box 7) is not required for NSSEB (Use estimate function to remove red from box 7)
- Complete Simplified General Rule section, if applicable
- “X” the **Railroad retirement** box to the left of block 13 for railroad pensions that qualify for subtraction on state returns.

CSA Form 1099-R—Civil Service Retirement Benefits—The Office of Personnel Management issues CSA Form 1099-R for annuities paid or CSF Form 1099-R for survivor annuities paid. These forms do not have box numbers like other Forms 1099-R. Refer to the table below for proper treatment of the amounts reported on CSA or CSF Form 1099-R.

CSA Form 1099-R	TaxWise® Entries
Original Contributions	1099-R box 9b and line 1 of Simplified General Rule section
Gross Annuity Amount	1099-R box 1
Federal Income Tax Withheld	1099-R box 4
Health Insurance Premium	Sch A—Detail—if itemizing deductions
State Tax Withheld	1099-R box 10

Form RRB-1099—Tier 1 (Blue form) Social Security Equivalent Benefits (SSEB)—Treat the benefits reported on this form just like the information reported on SSA Form 1099.

Note: If there is any amount in box 7, 8, or 9 (benefits for previous year), refer to paid preparer.

SSA Form 1099—Social Security Benefit Statement—The Social Security Administration issues SSA Form 1099 to report benefits paid. Use the following procedures for entering this information into TaxWise®:

- From Form 1040, line 20, link to 1040 Wkt 1
- Scroll to Social Security and Railroad Tier 1 Benefits section
- “Social Security Received This Year”—Enter SSA Form 1099 box 5 amount or RRB Form 1099 box 5 amount
- “Medicare to Schedule A”—Enter SSA Form 1099 Medical Premium amount or RRB Form 1099 box 11 amount
- “Federal Tax Withheld”—Enter SSA Form 1099 box 6 amount or RRB Form 1099 box 10 amount

1099-R entry variations

A. Example 1 (most common)—An amount is entered in box 1, box 2a is blank or the same amount as box 1, the distribution code in box 7 is [7] and nothing is entered in boxes 5 or 9b.

- The amount in box 1 is fully taxable. TaxWise® will transfer the amount in box 1 to Form 1040 page 1, line 16b. Nothing has to be entered in box 2; use the estimate function to remove red.

B. Example 2—An amount is entered in box 1, box 2a is blank, the distribution code is [7] and an amount is entered in box 9b.

- The Simplified General Rule will have to be completed to determine the amount in box 9b that will be tax free. TaxWise® will automatically deduct this amount from amount in box 1 and enter the result on 1040 page 1, line 16b.
- Do not make an entry to Box 2 of form 1099R.

C. Example 3—An amount is entered in box 1 and the taxable amount (other than zero) is entered in box 2a with a distribution code of [7]. There may or may not be an entry in box 5. Generally, the amount in box 2a is [box 1 minus the amount in box 5].

- The payer has made things easy by providing the taxable amount. TaxWise® will enter the taxable amount on 1040 page 1, line 16b.

D. Example 4—An amount is entered in box 1, box 2a is blank or zero, an amount is in box 5 and distribution code of [7].

- Generally, the amount in box 5 should be nontaxable and therefore should be subtracted from line 1 and the result entered on Form 1040 page 1, line 16b. The tax preparer must ascertain from the taxpayer what amount should be nontaxable. In the TaxWise® 1099R form, enter the tax exempt amount on line 2 of the Exclusion Worksheet. (The Exclusion Worksheet is located just below the primary 1099R form.) TaxWise® will subtract the amount from line 1 and enter the result on 1040 page 1, line 16b.

Note: If zero is entered in box 2 of TaxWise® 1099R, the box will become red and lines 1 and 2 of the Exclusion Worksheet will become red. This indicates that there is a required entry in the exclusion worksheet. Enter the tax exempt amount on line 2 of the Exclusion Worksheet. TaxWise® will subtract this amount from line 1 and enter the amount on Form 1040 page 1, line 16b. Then the red on line 2 and in the Exclusion Worksheet will disappear.

Schedule E-Rental Income and Loss FOR MILITARY ONLY

US Schedule E		Supplemental Income and Loss		2006
Name: VANESSA L. FRANKLIN		SSN: 111-11-1111		
Part I: Income or Loss From Rental Real Estate and Royalties				
Note: If you are in the business of renting personal property, use Schedule C. Report farm rental income or loss from Form 4835 on page 2, line 40.				
* K-1 royalty information transfers to column C of lines 1 and 4. In the State column, enter the state in which the property is located, if different from the state of <input type="checkbox"/>				
1 List the kind and location of each rental real estate property				
Kind	Location	Check if royalty TSD State		
A		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 For each rental real estate property listed, did you or your family use it during the tax year for personal purposes for more than the greater of:				Yes No
• 14 days or				A <input type="checkbox"/> <input type="checkbox"/>
• 10% of the total days rented at fair rental value? If "Yes", see instructions.				B <input type="checkbox"/> <input type="checkbox"/>
				C <input type="checkbox"/> <input type="checkbox"/>
	Properties			
Income	A	B	C	Totals
Rents received	0.	0.	0.	
Royalties received	0.	0.	0.	
3 Rents	0.	0.	0.	0.
4 Royalties	0.	0.	0.	0.

Enter rent received.

If Form 1099-MISC received for rental income, link to New Miscellaneous Income from Form 1099-MISC.

Use Sch E to report rental income **only** when taxpayer is not in the business of renting property.

Use separate columns for each rental property.

Expenses				
5 Advertising	0.	0.	0.	
6 Auto and travel	0.	0.	0.	
7 Cleaning and maintenance	0.	0.	0.	
8 Commissions	0.	0.	0.	
9 Insurance	0.	0.	0.	
10 Legal and other professional fees	0.	0.	0.	
11 Management fees	0.	0.	0.	
12 Mortgage interest paid to banks, etc.	0.	0.	0.	0.
13 Other interest	0.	0.	0.	
14 Repairs	0.	0.	0.	
15 Supplies	0.	0.	0.	
16 Taxes	0.	0.	0.	
17 Utilities	0.	0.	0.	
Other				
18	0.	0.	0.	
	0.	0.	0.	
	0.	0.	0.	
	0.	0.	0.	
Total of line 18	0.	0.	0.	
*Royalty expense from K-1 to transfer here				
**Amortization and part-rental worksheet expenses transfer here				
If you are using the statement, check <input type="checkbox"/> AND manually enter those amounts on the statement				
	0.	0.	0.	
19 Add lines 5 through 18	0.	0.	0.	0.
20 Depreciation expense or depletion	0.	0.	0.	0.
21 Total. Add lines 19 and 20	0.	0.	0.	0.
22 Income or (loss) from rental real estate or royalty properties	0.	0.	0.	
23 Deductible rental real estate loss	0.	0.	0.	

Can deduct hazard insurance (not homeowners) as reported on Form 1098.

Most common entries:
• homeowners association fee
• telephone bills

Link to Form 4562.

3. TaxWise®
Adjustments to
Income

Form 1040 – Adjustments To Income

Adjustments to Income		
23	Educator expenses	0.
24	Certain business expenses of reservists, qualified performing artists, and fee-based government officials. Form 2106 or 2106-EZ	0.
25	Health savings account deduction. Form 8889	0.
26	Moving expense. Form 3903	0.
27	One-half of self-employment tax	0.
28	Self-employed SEP, SIMPLE, and qualified plans	0.
29	Self-employed health insurance deduction	0.
30	Penalty on early withdrawal of savings	0.
31	Alimony paid	
	Recipient's SSN: [REDACTED] and amount	0.
32	IRA deduction	0.
33	Student loan interest deduction	0.
34	Tuition and fees deduction	0.
35	Domestic production activities deduction. Form 8903	
	Other: Reforestation	0.
	Sub-pay (Trade Act)	0.
	Jury duty pay turned in to your employer	0.
	501(c)18 pension plan	0.
	Clean-fuel vehicles	0.
	PPR	0.
	Form 2555, line 48	0.
	Archer MSA deduction. Form 8853	
	[REDACTED]	0.
36	Total adjustments	0.
37	Adjusted gross income	110.

To complete this section:

Link to Form 1040 wkt 2

Link to Form 3903.

Link to Alimony paid wkt.

Link to Form 1040 IRA wkt (see Note)

Link to Form 1040 wkt2.

Link to Form 1040 wkt2.

Note: Age must be less than 70½; if MFS, cannot have lived together any time during the year.

Form 1040, Page 2 – Deductions

US 1040 (2006)		Page 2
Name: VANESSA L. FRANKLIN		SSN: 111-11-1111
Taxable Income and Tax		
38	Amount from line 37 (adjusted gross income)	30,110.
39 a	Taxpayer: <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind, Spouse: <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind Total boxes checked	3
b	If you are married filing separately and your spouse itemizes deductions, or you are a dual-status alien, check here or F3	<input type="checkbox"/>
40	Itemized deductions or standard deduction. If you elect to itemize deductions even though the standard deduction is larger, check here	<input type="checkbox"/>
	If you were or are a resident of Puerto Rico and are excluding Puerto Rico income, or you are excluding income on Form 4563, check here (section 933) .	<input type="checkbox"/>
41	Subtract line 40 from line 38	22,560.
42	If line 38 is over \$112,875, married filing separately, \$150,500, single; \$188,150, head of household; \$225,750, married filing jointly or qualifying widow(er), the exemption amount is reduced. If housing to a person displaced by hurricane Katrina was provided, see instructions. Otherwise, multiply \$3,300 by the total number of exemptions on line 6d	9,900.
43	Taxable income	12,660.
44	Tax. From .. <input checked="" type="checkbox"/> the tax table or schedule <input type="checkbox"/> Form 8815 <input type="checkbox"/> Schedule D Tax Worksheet <input type="checkbox"/> Schedule J <input type="checkbox"/> Foreign earned income tax worksheet	1,364.
	Check if any tax is from: <input type="checkbox"/> Form(s) 8814 <input type="checkbox"/> Form 4972	0.
	Education credit recapture amount	0.
45	Alternative minimum tax. Attach Form 6251	0.
46	Add lines 44 and 45	1,364.

If itemizing deductions, link to Sch A Itemized Deductions.

Schedule A – Itemized Deductions

US Schedule A		Itemized Deductions		2006
Name: VANESSA L FRANKLIN		SSN: 111-11-1111		
Medical and Dental Expenses				
1	Unreimbursed medical and dental expenses		0.	
2	Amount from Form 1040, line 38	0.		
3	Multiply line 2 by 7.5%	0.		
4	Subtract line 3 from line 1			0.
Taxes You Paid				
5	State and local taxes. Only one box can be checked.			
a	<input type="checkbox"/> Income taxes	0.		
b	<input type="checkbox"/> General sales tax	0.	0.	
6	Real estate tax remainder from Form 8829	0.		
	Real estate tax remainder from part rental worksheets	0.		
	Real estate taxes on your principal residence, not listed above	0.		
	Other real estate taxes you paid, not listed elsewhere in this tax return	0.	0.	
7	Personal property tax remainder from business vehicle worksheet	0.		
	Personal property taxes, not listed above	0.	0.	
8	Other taxes.			
	Type	Amount	0.	0.
9	Add lines 5 through 8			0.

Link to Itemized Detail sheet from Sch A line 1 for breakout of medical expenses and contributions to charity.

Reduce by rebate of current tax year property taxes (for rebate on earlier year, add to Form 1040, line 21 if deduction originally reduced tax).

Interest You Paid				
10	Home mortgage interest remainder from Form 8829	0.		
	Home mortgage interest remainder from part rental worksheets	0.		
	Form 8396 credit, if applicable	0.		
	Home mortgage interest and points from Form 1098, not listed above	0.	0.	
11	Home mortgage interest not reported on Form 1098. If paid to an individual, show the person's name, ID number, and address.			
	Individual's name			
	ID number			
	Address			
	Amount	0.	0.	
12	Points not reported on Form 1098		0.	
13	Investment interest. Attach Form 4952, if required		0.	
14	Add lines 10 through 13			0.
Gifts to Charity				
15	Total gifts by cash or check		0.	
16	Other than by cash or check		0.	
17	Carryover from prior year		0.	
18	Add lines 15 through 17			0.

Enter amount from Form 1098, box 1 (and box 2, if applicable).

Points from refinanced mortgage must be spread over life of mortgage unless used some to remodel (see Publication 17, Points).

Loan origination fee from closing statement can be entered here if not included as points in line 10.

Schedule A – Itemized Deductions (cont)

Casualty and Theft Losses		
19	Casualty or theft loss(es). Attach Form 4684	0.
Job Expenses and Most Other Miscellaneous Deductions		
20	Unreimbursed employee expenses - job travel, union dues, job education, etc. Type <input type="checkbox"/> Amount 0. 0.	0.
*Forms 2106 and 2106EZ transfer to this line. If you are using a statement, check here <input type="checkbox"/> AND manually enter 0. on the statement. Line 20 amount for state returns		
21	Tax preparation fees	0.
22	Other expenses - investment expense, safe deposit box, etc. Type <input type="checkbox"/> Amount 0. 0.	0.
**Schedules K-1 and Forms 4684 and 4797 amounts transfer here. If you are using a statement, check here <input type="checkbox"/> AND manually enter 0. on the statement.		
23	Add lines 20 through 22	0.
24	Amount from Form 1040, line 38	0.
25	Multiply line 24 by 2%	0.
26	Subtract line 25 from line 23	0.
Line 26 amount for state returns		
Other Miscellaneous Deductions		
27	Type <input type="checkbox"/> *** Amount 0. 0.	0.
***Schedules K-1, Forms 4684, 4797, 2106, 2106EZ, and W2G losses add in here. If you are using a statement, check here <input type="checkbox"/> AND manually enter 0. on the statement. Line 27 amount for state returns		

MILITARY ONLY
Link to Form 2106 or Form 2106EZ.

Link to misc deductions Sch A line 22.

Link to misc deductions Sch A line 22.

Not subject to 2% of AGI

- Work-related expenses for disabled
- Gambling loss to extent of winnings

Nondeductable items:

Medical: cosmetic surgery; funeral/burial; long-term care (link to Help for limits); nonprescription drugs; weight loss program not prescribed; diet food

Taxes: fees/licenses (drivers, marriage, dog); sales tax; assessments for improvements that increase property value

Contributions: political; country club/fraternal lodge; raffle, bingo or lottery tickets; tuition; value of time/services; gifts to lobby groups; civic leagues, social clubs; labor unions.

Miscellaneous: commuting; home repair; rent; loss from sale of home; personal legal expenses; lost/misplaced cash or property; drugs (after prescription); fines/penalties.

Nonrefundable Credits

Nonrefundable Credits		
47	Foreign tax credit. Form 1116, if required	0.
48	Child and dependent care credit. Form 2441	0.
49	Elderly or disabled credit. Schedule R	0.
50	Education credits. Form 8863	0.
51	Retirement savings contributions credit. Form 8880	0.
52	Residential energy credits. Form 5695	0.
53	Child tax credit. Attach Form 8901 if required	1,364.
54	Credits from <input type="checkbox"/> Form 8396 <input type="checkbox"/> Form 8839 <input type="checkbox"/> Form 8859	0.
55	Other credits <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 8601 <input type="checkbox"/> Form	0.
56	Total credits. Add lines 47 through 55	1,364.
57	Subtract line 56 from line 46	0.

Link to new Form 1116 pg 1, Foreign Tax Credit pg 1.

Link to Form 2441, pg 1.

Link to new Sch R.

Link to new Form 8863.

Link to Form 8880.

Form 2441 – Credit For Child And Dependent Care Expenses

US 2441		Credit for Child and Dependent Care Expenses		2006	
Name: VANESSA L. FRANKLIN		SSN: 111-11-1111			
Part I: Persons or Organizations Who Provided the Care					
[Redacted]					
(a) Care provider's name	(b) Street address City, state, and Zip code	(c) ID number SSN or EIN	(d) Amount paid		
Code: [Redacted]	[Redacted]	EIN? <input type="checkbox"/> Type: [Redacted]	[Redacted]		
Code: [Redacted]	[Redacted]	EIN? <input type="checkbox"/> Type: [Redacted]	[Redacted]		
Total of the line 1 amounts			[Redacted]		
Part II: Credit for Child and Dependent Care Expenses					
2 Information about your qualifying person(s).					
To qualify the persons must have shared the same home with you in 2006. If you received dependent care benefits from your employer, fill in page 2 of this form. Only list below those expenses not excluded on page 2. Total not excluded on page 2: [Redacted]					
(a) Qualifying person's name		(b) Social security number	(c) Qualified expenses	* See below.	
First name	Last name				
[Redacted]	FRANKLIN	111-11-1114	[Redacted]		
* Qualified expenses are those you incurred and PAID in 2006.					

Important: Make sure the "DC" column is checked for the applicable dependent(s) on the Main Information Sheet.

Follow the onscreen TaxWise® instructions when the taxpayer has more than two care providers.

Line 1 should be total paid for child care.

Line 2 should be total paid minus any dependent care benefits.

If more than 2 children with dependent care expenses, link to New Qualifying Form 2441, line 2 and complete all fields for each qualifying child.

3 Smaller of line 2, \$3,000 for 1 qualifying person, or \$6,000 for 2 or more persons. If you completed Part II, amount from line 33	[Redacted]	[Redacted]
4 Your earned income	[Redacted]	[Redacted]
5 If married filing jointly, your spouse's earned income is entered. If your spouse was a student or disabled, see the worksheet below. All others, amount from line 4	[Redacted]	[Redacted]
6 Smallest of lines 3, 4, or 5	[Redacted]	[Redacted]
7 Amount from Form 1040, line 36, or Form 1040NR, line 36	[Redacted]	[Redacted]
8 Amount applicable to the amount on line 7. If you paid, in 2006, dependent care expenses incurred in a prior year, enter the amount of credit based on the rate that applied for that year. PS here to explain the calculation of the credit for prior year expenses. Also enter qualifying person's name and social security number	[Redacted]	0.27
9 Multiply line 8 by the decimal amount on line 8, plus prior year amounts shown above	[Redacted]	[Redacted]
10 Amount from Form 1040, line 46, minus any amount on Form 1040, line 47, or Form 1040NR, line 43, minus any amount on Form 1040NR, line 44	[Redacted]	[Redacted]
11 Credit for child and dependent expenses. Smaller of line 9 or line 10	[Redacted]	[Redacted]
Worksheet for Income Considered Earned by Disabled or Student Spouse		
If you have 1 qualifying person		If you have two or more qualifying persons
\$250		\$500
x [Redacted] months spouse was a student or disabled		x [Redacted] months spouse was a student or disabled
\$ [Redacted]		\$ [Redacted]
Check if the care listed above was for a disabled spouse <input type="checkbox"/>		

Line 3 should be total up to maximum allowable minus any dependent care benefit.

If spouse is disabled or full-time student, enter the number of months.

Form 2441 – Credit For Child And Dependent Care Expenses (Cont)

US 2441 (2006)	Page 2
Name: VANESSA L FRANKLIN	SSN: 111-11-1111
Part III: Dependent Care Benefits	
<p>12 Total amount of dependent care benefits you received in 2006. This amount should be separately shown in box 10 of your W2 form(s). Do not include amounts that were reported to you as wages in box 1 of Form(s) W2. If self-employed or a partner, include amounts received under a dependent care assistance from the sole proprietorship or partnership.</p> <p>Enter sole proprietorship amount here 0.</p>	0.
13 Enter the amount carried over from 2005 and used in 2006 during the grace period	0.
14 Enter the amount forfeited or carried forward to 2007. See the instructions	0.
15 Combine lines 12 through 14	0.
16 Qualified expenses incurred in 2006 for the care of the qualifying person(s)	0.
17 Smaller of line 15 or 16	0.
18 Your earned income	0.
19 If married filing jointly or married filing separately, you must enter your spouse's earned income.	
Married filing separate spouse's earned income	0.
All others, the amount from line 18	0.
20 Smallest of lines 17, 18, or 19	0.
21 Amount from line 12 received from sole proprietorship or partnership	0.
22 Subtract line 21 from line 15	0.
23 \$5,000 (\$2,500 if married filing separately and required to enter spouse's earned income on line 19)	5,000.
24 Deductible benefits. Smallest of line 20, 21, or 23. Also, manually enter this amount on Schedule C, line 14; Schedule F, line 17; Schedule E, line 1B, or Schedule K-1 worksheet, whichever applies	0.
25 Smaller of line 20 or line 23	0.
26 Amount from line 24	0.
27 Excluded benefits. Subtract line 26 from line 25	0.

Form 8863 – Education Credits

US 8863		Education Credits			2006		
Name: VANESSA L. FRANKLIN				SSN: 111-11-1111			
<p>Note: These credits are NOT available if you are a dependent of another or married filing separately. You cannot take the Hope credit and the Lifetime Learning credit for the same student. You cannot take the tuition and fees deduction on page 1 of Forms 1040 or 1040A and these credits for the same student. Both the credit and the AGI deduction should be checked for Federal and state tax purposes.</p>							
Part I: Hope Credit							
<p>The Hope Credit is available for two taxable years only. Those two years must be the first two years of postsecondary education, generally the freshman and sophomore years of college.</p> <p>* For each student who attended an eligible institution in the Gulf Opportunity Zone, check the box in the GO ZONE column. You can enter up to \$4,400 in column c.</p>							
1	(a) Student's name as shown on page 1 of this tax return. First name and last name	(b) Student's social security number	(c) * Qualified expenses but not more than \$2,200, \$4,400 GOZ per student	GO ZONE	(d) Smaller of column c or \$1,100, \$2,200 GOZ	(e) Add column c and column d	(f) One-half of the amount in column e
			0.	<input type="checkbox"/>	0.	0.	0.
			0.	<input type="checkbox"/>	0.	0.	0.
			0.	<input type="checkbox"/>	0.	0.	0.
2 Tentative Hope credit							0.
Part II: Lifetime Learning Credit							
3 Caution: You cannot take the Hope credit and the Lifetime learning credit for the same student.							
3	(a) Student's name as shown on page 1 of your tax return. First name Last name. Statement available, FS below	(b) Student's social security number	(c) Qualified expenses				
			0.	<input type="checkbox"/>			
			0.	<input type="checkbox"/>			
			0.	<input type="checkbox"/>			
4 Add amounts in column (c)							0.
5a Smaller of line 4 or \$10,000							0.
b Students who attended an eligible education institution in the Gulf Opportunity Zone, smaller of \$10,000 or qualified expenses included on line 4							0.
c Subtract line 5b from line 5a							0.
6a Multiply line 5b by 40%							0.
b Multiply line 5c by 20%							0.
c Tentative lifetime learning credit							0.



For both Hope and lifetime learning credit, enter qualified student's name, SSN, and qualified expenses; software will calculate the credit.

To claim this credit:

- taxpayers cannot file MFS or be a nonresident alien (unless MFJ with resident)
- Only the taxpayer is eligible if he or she claims the student as dependent, and only the student is eligible if he or she is **not** claimed as a dependent (even if he or she *can* be claimed)—no matter who pays.
- Tuition and fees must be paid to the institution as a condition of enrollment or attendance to qualify.

The following do not qualify for this credit: room and board; insurance, medical, transportation, or personal expenses; cost of course or athletics/hobby unless part of degree (Hope credit) or for job skills.

Form 1116 – Foreign Tax Credit

US 1116 Foreign Tax Credit

Name: TAXPAYER SAMPLE SSN: 331-99-1146

Simplified Limitation Election
 The simplified method cannot be used if you file Form 4563 or exclude income from Puerto Rico. If ALL of your foreign source income is from dividends and interest and all of that income is reported to you on Forms 1099-DIV or 1099-INT and your qualified foreign taxes are not more than \$300 (\$600 if married filing jointly), you do not need to fill out this form. You can enter the foreign tax amount here: 0. or directly on Forms 1040 or 1040NR. By making this election, you forego any carryover of excess foreign taxes to or from a taxable year to which this election applies and this election applies to all later tax years and can only be revoked with IRS consent. Enter the amount of foreign income on Schedules B, as applicable and also on line 16 of Form 1116AMT.

Check only one box. Use a separate Form 1116 for each category of income.

a Passive income
 b High withholding tax interest
 c Financial services income F9 to explain
 d Shipping income
 e Dividends from a DISC or former DISC
 f Certain distributions from a foreign sales corporation (FSC) or former FSC
 g Lump sum distributions
 h Section 901(j) income
 i Income re-sourced by treaty
 j General limitation income

k Resident of (name of country):

Part I: Taxable Income or Loss from Sources Outside United States for Category Above

l Name of country or possession. Limit to 10 characters for printing.
 A B C

1	A	B	C	Total
Gross income from sources within country shown above. Type Income other than capital gains	0.	0.	0.	0.
Foreign source qualified dividends ... multiplied by 0.4286. Include above.				
Foreign capital gain. F9 on column A amount below for foreign Schedule D worksheet. The result of the calculation based on the foreign Schedule D will appear in the total and A columns. Enter amounts, if any, in columns B and C.				
Access foreign Schedule D here	0.	0.	0.	0.
Gross income	0.	0.	0.	0.

If qualified foreign taxes are \$300 (\$600 if MFJ) or less and the income is from interest, dividends, royalties, etc., enter the amount here only. Do not complete the rest of the form.

FOR MILITARY ONLY:
 If the foreign tax is not passive and is greater than \$300 (\$600 if MFJ), complete Form 1116. Read each line carefully and enter all applicable information.

Be sure to link to the Form 1116 from Form 1040, Line 51. TaxWise® will automatically include the amounts on Line 51, but will not include Form 1116 unless it is required.

Retirement Savings Contributions Credit

TaxWise® will automatically insert Form 8880, Credit for Qualified Retirement Savings Contributions, if the taxpayer meets eligibility criteria and any of the following are true:

1. A traditional IRA contribution is entered on Form 1040, line 32.
2. The taxpayer or spouse Form W-2 includes box 12 entries of D, E, F, G, H, or S.
3. Retirement Plan checked on Form W-2.

Form 8880 will have a red exclamation point and will need to be completed prior to return completion.

Verify total contribution amounts with the taxpayer.

If the taxpayer contributed to a Roth IRA only:

1. Link to IRA worksheet from Form 1040, line 25.
2. Enter Roth contributions on worksheet, line 20.
3. Close form.
4. Open Form 8880 and complete any red entries.

Form 8880 - Credit for Qualified Retirement Savings Contributions

The image shows a screenshot of the Form 8880 software interface. It features a list of categories on the left and two columns of input fields on the right. The categories include:

- 1 Traditional and Roth IRA contributions for 2006
- 2 Elective deferrals to qualified plans
- 3 Add lines 1 and 2
- 4 Total of all Roth IRA distributions, plus all taxable distributions from other qualified retirement plans
- 5 Subtract line 4 from line 3
- 6 Smaller of line 5 or \$2,000

Each category has associated sub-entries and checkboxes for joint filing status.

Note: Certain distributions received after 2004 and before the due date (including extensions) of your 2007 tax return from any of the following types of plans must be entered on line 4 of Form 8880:

- Traditional or Roth IRAs
- 401(k), 403(b), governmental 457, 501(c)(18)(D), SEP, or SIMPLE plans

Do not include any:

- Military pensions
- Distributions not taxable as the result of a rollover or a trustee-to-trustee transfer
- Distributions from your IRA (other than a Roth IRA) rolled over to your Roth IRA
- Loans from a qualified employer plan treated as a distribution
- Distributions of excess contributions or deferrals (and income allocable to such contributions or deferrals)
- Distributions of contributions made during a tax year and returned (with any income allocable to such contributions) on or before the due date (including extensions) for that tax year
- Distributions of dividends paid on stock held by an employee stock ownership plan under section 404(k)

If you are filing a joint return, include both spouses' amounts in both columns.

Form 1040, Page 2—Other Taxes and Payments

58	Self-employment tax	Form 4029 <input type="checkbox"/>	Form 4361 <input type="checkbox"/>	Exempt Notary <input type="checkbox"/>	0.
59	Social security and Medicare tax on tip income not reported to employer . RRTA <input type="checkbox"/>				0.
60	Additional tax on IRAs, other qualified retirement plans, etc				0.
61	Advance earned income credit payments from Forms(s) W2				0.
62	Household employment taxes: Schedule H				0.
	Other taxes	UT: 0.	MSA: 0.	72M5: 0.	
		EPP: 0.	S453A: 0.	S72P: 0.	
		ADT: 0.	4255: 0.	8828: 0.	
		IECR: 0.	QEVCR: 0.	8866: 0.	
		MEDMSA: 0.	8697: 0.	8611: 0.	
		ECCFR: 0.	HSA: 0.	NQDC: 0.	
		453 (f) 3: 0.	1260 (B): 0.		
	Form 8693 attached for Form 8611. Enter date approved: _____				
	Write-in: _____				0.
63	Total tax. Add lines 57 through 62				0.

Payments					
64	Federal income tax withheld	Form 1099 <input type="checkbox"/>			0.
65	2006 estimated tax payments and amount applied from 2005 return				0.
	If estimated tax was paid in joint names and you are now divorced, enter ex-spouse's SSN: _____ and check here <input type="checkbox"/>				
66 a	Earned income credit	No <input type="checkbox"/>			1,311.
b	Nontaxable combat pay election				0.
67	Excess social security and tier 1 RRTA tax withheld				0.
68	Additional child tax credit. Form 8812				636.
69	Amount paid with request for extension of time to file				0.
70	Payments from <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Form 8885				0.
	From Form 8689				0.
71	Credit for Federal telephone excise tax				0.
	If checked, Form 8913 is required <input type="checkbox"/>				
72	Total payments. Add lines 64 through 71				1,947.

Refund					
---------------	--	--	--	--	--

Entered automatically from Sch SE.

Entered automatically from Form W-2.

Volunteers do not prepare returns with these taxes.

Entered automatically from Form W-2 or Form 1099-R.

Link to F/S TaxPaid 2007 Federal Estimate/State Payment.

Calculated automatically.

Sch EIC will be completed automatically. Amount will calculate based on previous entries. Sch EIC wkt will appear in forms tree with red exclamation mark.

Schedule EIC – Worksheet

Complete only those questions in red.

US Schedule EIC	Earned Income Credit Worksheet	2006
Name: VANESSA L FRANKLIN		SSN: 111-11-1111
Questions to see if you can claim the earned income credit		
<p>1 Is the taxpayer's filing status married filing separately? <input type="checkbox"/> Yes - STOP. You cannot take the credit <input checked="" type="checkbox"/> No - Go to question 2.</p> <p>2 Does the taxpayer, and the taxpayer's spouse if filing jointly, have a social security number that allows him or her to work or is valid for EIC purposes? For purposes of taking the EIC, an SSN issued by the Social Security Administration is not valid if "Not Valid for Employment" is printed on the social security card and the number was issued solely to apply for or receive a federally funded benefit. Any other SSN issued by the SSA is valid for EIC purposes. <input checked="" type="checkbox"/> No - STOP. You cannot take the credit <input type="checkbox"/> Yes - Go to question 3.</p> <p>3 Is the taxpayer filing Form 2555 or Form 2555-EZ or excluding foreign income? <input type="checkbox"/> Yes - STOP. You cannot take the credit <input checked="" type="checkbox"/> No - Go to question 4a.</p> <p>4a Was the taxpayer a nonresident alien for any part of the year? Check "Yes" if filing as head of household and claiming an exemption for your nonresident alien spouse. <input checked="" type="checkbox"/> Yes - go to question 4b <input type="checkbox"/> No - Go to question 5.</p> <p>b Is the taxpayer's filing status married filing jointly? <input type="checkbox"/> No - STOP. You cannot take the credit <input type="checkbox"/> Yes - Go to question 5. If you checked "Yes" on line 4a and "No" on line 4b, STOP; the taxpayer cannot take the EIC.</p> <p>5 Is the taxpayer's investment income . 110 more than \$2,800? <input type="checkbox"/> Yes - STOP. You cannot take the credit <input checked="" type="checkbox"/> No - Go to question 6.</p> <p>6 Could the taxpayer, or the taxpayer's spouse if filing jointly, be a qualifying child of another person? <input checked="" type="checkbox"/> Yes - STOP. You cannot take the credit <input type="checkbox"/> No - Continue.</p>		
<p>If either of the children listed below do not qualify based on the answers to 7 through 10 below, the EIC will not calculate. You will need to go to the Main Information Sheet and uncheck the box for the child(ren) that do not qualify.</p>		
Qualifying children listed on Schedule EIC		ZACHARY ZOE
7 Is either of the following true?		

TaxWise® OnLine (TWO)

Internet-based TaxWise® OnLine (TWO) is available as an option for sites that have full-time broadband Internet capability (with at least 800 kilobytes/second) for all preparers. Table 1 shows the differences between TWO and desktop TaxWise®.

Table 1 - Comparison of TaxWise® Products

TaxWise® Online (Web-based)	TaxWise® (Client/server-based)
Third-year product	Standard computer-based product used in the past
Sites must have broadband Internet access with a refresh time of at least 800 kilobytes/second	Internet or dial-up connectivity only required to transmit returns and receive acknowledgement and updates
EFIN, registration code, and web address are provided for access to the UTS server. Nothing is stored on site computers	Program CD along with EFIN and registration code provided for installation on site computer(s)
No data is stored on the site's web-based computers. All data is stored on the UTS server and can be accessed from any computer with the applicable EFIN, registration code, and password.	All data is stored on the site computer (client/server)
Each site computer serves as its own transmitter	Only one computer per EFIN can be used to transmit returns. Transmission can be done using dial-up modem or broadband Internet
Both interview-based and form-based data entry is available	Form-based data entry
Federal and state updates are automatic	All major updates must be downloaded through either the Electronic Filing Center or the Internet
Server response times could increase input time	Since software is loaded on the user's computer, input time should be faster
If the Internet connection is down, the site is down and no returns can be prepared or transmitted	If the Internet connection is down, returns can be prepared but not transmitted until the Internet connection is back up
There is high data security since no data is stored on the computers	Data security is a concern since taxpayer information is stored on the computer

Setting up TWO

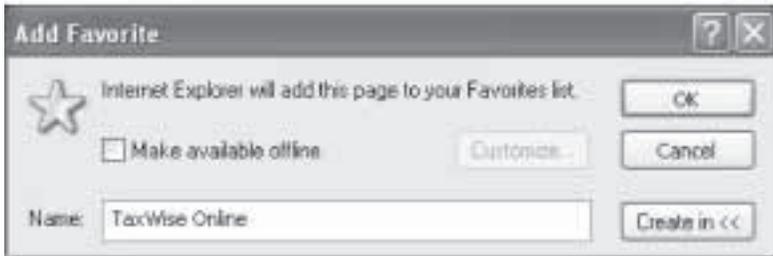
To set up TaxWise® Online as a Favorite in Internet Explorer, use the following steps:

1. Open Internet Explorer.
2. Type <https://twonline.taxwise.com> in the address line.



A screenshot of the Internet Explorer address bar. The text "https://twonline.taxwise.com" is entered into the address field.

3. Click on the **Favorites** icon.
4. Click **Add**.
5. In Name:, type the name you want the favorite to display.



A screenshot of the "Add Favorite" dialog box in Internet Explorer. The dialog box contains a star icon, the text "Internet Explorer will add this page to your Favorites list", a checkbox for "Make available offline", a "Customize..." button, and buttons for "OK", "Cancel", and "Create in <<". The "Name:" field contains the text "TaxWise Online".

6. Click **OK**.

Logging on to TWO the first time

- From your Favorites, select TWO.

The user name is case sensitive.

To log on to TaxWise® Online, do the following:

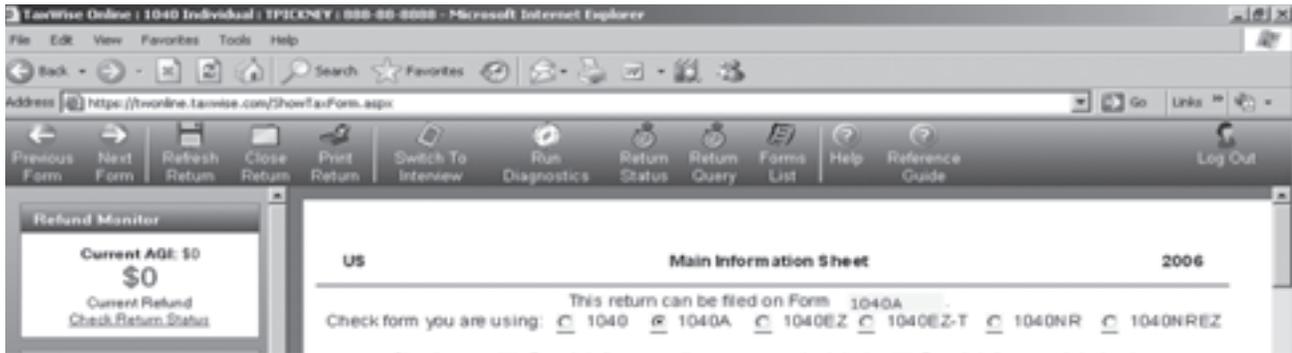
- Enter your **9-digit client ID**, **User Name**, and **Password**.



A screenshot of the TaxWise login page. The page features the TaxWise logo (an owl) and the text "TaxWise Solutions for the Tax & Accounting Professional". Below the logo is a login form with three input fields: "EFIN:", "User Name:", and "Password:". A "Log In" button is located at the bottom right of the form.

The TWO Homepage logged in as a created user

The following illustration depicts the TaxWise® Online **Homepage** while logged in as a created user. The user will have access to all returns created by the user.



New Return—Select to start a new return

Open Return—Select to open existing return

Return Query—Select to check the status of any tax return

User Settings—Select to view user information

TaxWise® University—Select to log into TaxWise® University

Help—Select to open TaxWise® Online Help

Shortcuts available in TWO

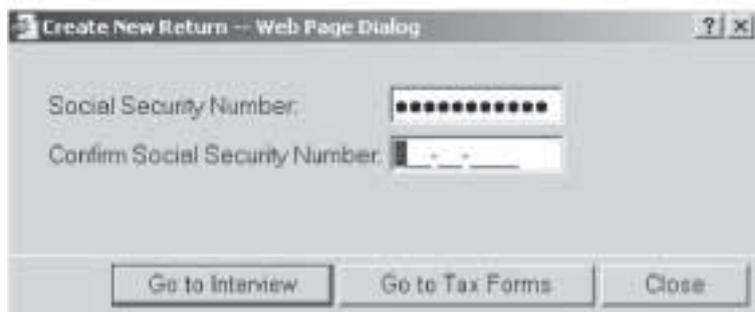
Shortcut	Function
Ctrl-Enter	(un) Override
Ctrl-Space	(un) Estimate
Ctrl-R	Refreshes the return
Ctrl-F	Search for an entry on the page
F11	Minimizes the Internet Explorer toolbar

Creating a New Return

To start a new return, use the following steps:

1. Click the **New Return** icon.

TWO displays the dialog box to enter the SSN:



2. In the **Social Security Number** box enter the taxpayer's SSN.
3. In the **Confirm Social Security Number** box re-key the taxpayer's SSN.

There are two choices to begin the return.

1) Click the **Go to Interview** button to complete the appropriate interview questions, which will pre-load forms in the TWO tree.

2) Click the **Go to Tax Forms** button which will allow the preparer to complete the tax return using the forms-based method. This option is very similar to TaxWise® Desktop. The preparer will complete the Main Information Sheet, open Form 1040, page 1, and add the appropriate forms as they go down Form 1040.

Click the **Cancel** button to cancel the process and return to the TWO **Homepage**.

The TaxWise® Online Interview

The TaxWise® Online Interview allows you to gather information that determines which tax forms must be included in each return. Based on the answers to the questions, the program will load needed tax forms and will determine when some additional information is needed. Many questions require the user to make decisions using information already collected from the client through the Intake and Interview Process.

For example: After collecting necessary information from the Form 13614 Intake and Interview Sheet and properly applying the tax law, you should choose your client's filing status.

The TaxWise® Online Interview

The screenshot shows the TaxWise Online Interview interface. On the left is a vertical navigation menu with the following items: Introduction, Return Type, Filing Status, Personal Info, Location, Address, Special Processing, General Questions, Dependents, Dependent List, Types Of Income, Assets, Adjustments, Deductions, Extra Questions, Forms, State Return, Select States, and Finish. The main area on the right contains three questions with radio button options for 'Yes' and 'No':
1. Does the taxpayer want to contribute \$3 to the presidential election fund? Making a contribution will not affect taxes or reduce any refund.
2. Can the taxpayer be claimed as a dependent on someone else's return?
3. Is the taxpayer blind?
4. Is the taxpayer totally and permanently disabled?
At the bottom of the main area are two buttons: 'Previous' and 'Next'.

Select the filing status for your client and click **Next** to continue or **Previous** to go back one page.

- On each page you have the options of **Next** to continue or **Previous** to go back one page.
- The **Help Me** button displays a PDF of the Publication 17 Filing Status Decision Tree.

Remember, information input into the interview screens flows through to all applicable tax forms. For example, after you input the client's social security number into this interview screen, TWO will automatically input the number into all necessary forms.

The TaxWise® Online Interview

The screenshot shows the TaxWise Online Interview interface for collecting personal information. The left navigation menu is the same as in the previous screenshot. The main area on the right has the heading 'Now let's collect your client's personal information.' and contains the following fields:
- Taxpayers Name? (with separate boxes for First Name and MI Last Name)
- Taxpayer's Social Security Number
- Taxpayer's Date of Birth
- Taxpayer's Occupation
At the bottom of the main area are two buttons: 'Previous' and 'Next'.

- TWO informs you that you are ready to complete the return.
- Click **Finish** to continue.
- Fill out the forms in the tree just like TaxWise® Desktop.

Some interview screens have preset answers that may need to be changed. For example: if this customer is permanently disabled, you would need to select the **Yes** option.

The TaxWise® Online Interview

The screenshot shows a web interface for a tax interview. On the left is a vertical navigation menu with the following items: Introduction, Return Type, Filing Status, Personal Info, Location, Address, Special Processing, General Questions, Dependents, Dependent List, Types Of Income, Assets, Adjustments, Deductions, Extra Questions, Forms, State Return, Select States, and Finish. The main content area contains the following text and questions:

- Does the taxpayer want to contribute \$3 to the presidential election fund?
Making a contribution will not affect taxes or reduce any refund.
- Can the taxpayer be claimed as a dependent on someone else's return? Yes No
- Is the taxpayer blind? Yes No
- Is the taxpayer totally and permanently disabled? Yes No

At the bottom of the main content area are two buttons: Previous and Next.

Some interview screens have questions that require additional information. For example, answering **Yes** to this question causes a new screen to appear asking for more information about the dependent(s).

The screenshot shows a web interface for a tax interview. On the left is a vertical navigation menu with the following items: Introduction, Return Type, Filing Status, Personal Info, Location, Address, Special Processing, General Questions, Dependents, Types Of Income, Assets, Adjustments, Deductions, Extra Questions, Forms, State Return, and Finish. The main content area contains the following text and questions:

- Now let's look at dependents. Generally a dependent is someone whom you support.
- Not sure whether someone qualifies as a dependent?
- Are there any dependents? Yes No

At the bottom of the main content area are two buttons: Previous and Next.

This screen requires you to click an **Edit** button and input additional information about each dependent.

The TaxWise® Online Interview

Introduction
Return Type
Filing Status
Personal Info
Location
Address
Special Processing
General Questions
Dependents
Dependent List
Types Of Income
Assets
Adjustments
Deductions
Extra Questions
Forms
State Return
Select States
Finish

In the interview process you can enter up to 4 dependents. [Help Me](#)

Action	First name	Last name	Date of birth	Social security number
Edit	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Edit	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Edit	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Edit	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

* Click on "EDIT" button to add/modify dependent information

[Previous](#) [Next](#)

Selecting the **Edit** button causes this screen to appear. After collecting the Intake and Interview information from the client, it is imperative that you input all the required information correctly.

The TaxWise® Online Interview

Introduction
Return Type
Filing Status
Personal Info
Location
Address
Special Processing
General Questions
Dependents
Dependent List
Types Of Income
Assets
Adjustments
Deductions
Extra Questions
Forms
State Return
Select States

Dependent Details
Enter dependent and non dependent (for purposes of EIC or the Child Care Credit) information here. See the instructions below for column explanations

First Name:

Last Name:

Date of Birth:

Social Security Number:

Relationship to taxpayer:

How many months did this dependent live in the home during 2006? (if this dependent was born in 2006, enter 12)

For example: the “Check if this child qualifies for EIC” box should be checked only after carefully reviewing the applicable tax laws.

Finish

Code:
 Enter 0(zero) for a nondependent child that lives with the taxpayer.
 Enter 1 for a dependent child that lives with the taxpayer.
 Enter 2 for a dependent child who does not live with the taxpayer due to divorce or separation.
 Enter 3 for any other type of dependent.

Check if the taxpayer paid for child or dependent care for this dependent in order to work.

Check if this child qualifies for EIC. [Help Me](#)

This dependent qualifies for Child Tax Credit.

[Cancel](#) [Delete](#) [Save](#)

[Previous](#) [Next](#)

After completing all interview screens, finish preparing the return by inputting any additional information directly into the tax return. Your screen will look something like this.

← Previous Form → Next Form Refresh Return Close Return Print Return Switch To Interview Run Diagnostics Return Status Return Query Forms List Help Reference Guide Log Out

Refund Monitor
 Current AGI: \$0
\$0
 Current Refund
[Check Return Status](#)

Loaded Forms
 Main Info
 Interview
 1040 Wkt3
 1040 Pg 1
 1040 Pg 2
[Add A Form](#)

Message Center

Assistance
 Search for _____

US Main Information Sheet 2006

This return can be filed on Form 1040A
 Check appropriate form you are using: 1040 1040A 1040EZ 1040NR 1040NREZ

Check one: Spanish forms on the screen and printed. Spanish forms printed only.

Your first name	Initial	Last name	Suffix	Your SSN
<u>JOHN</u>	<u></u>	<u>SMITH</u>	<u></u>	<u>888-88-8888</u>

If filing a **JOINT** return, enter your spouse's

First name	Initial	Last name, if different from yours	Spouse's SSN
<u></u>	<u></u>	<u></u>	<u></u>

Mailing address
 Name line 2. Use % for care of
 Present home address
 Zip code, city, and state
 Email address

400 NORTH STREET
23219- RICHMOND - VA

Telephone numbers	Taxpayer	Spouse
Daytime	<u>804-555-5555</u>	<u></u>
Evening	<u></u>	<u></u>
Cell phone or fax	<u></u>	<u></u>
Foreign phone	<u></u>	<u></u>

Birth date
 Age for Federal tax purposes

Birth date	Taxpayer	Spouse
	<u>08/15/1962</u>	<u></u>
	<u>44</u>	<u>0</u>

If you need to make any changes or corrections to what has been input during the interview process, click on the **Switch To Interview** button and correct or add information to the appropriate interview screen. The updated information will then change on all applicable forms.

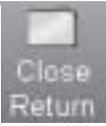
To finish the return, follow the instructions below. Remember, by using the interview process, you have input the majority of the information needed to finish the return. You will only need to address issues that the software needs that were not covered in the interview process.

Creating a New Return – Go to Tax Forms

Go to Tax Forms allows the preparer to complete the tax return using the forms-based method.

This option is very similar to TaxWise® Desktop. Preparers complete the Main Information Sheet, open Form 1040 page 1, and add the appropriate forms as they go down Form 1040.

The following table describes the icons used when completing a return from the tax forms:

Option	Description
Previous Form	Opens the previous form
Next Form	 Opens the next form in the forms tree
Refresh Return	 Submits the active page for calculation
Close Return	 Closes the active return
Print Return	 Prints the active return
Switch to Interview	 Changes to the Interview process

Run Diagnostics		Checks the return prior to creating an electronic file
Return Status		Checks the electronic status of the active return
Return Query		Checks the status of any tax return
Forms List		Displays the list of available forms to be added to the active tax return
Log Out		Logs Out

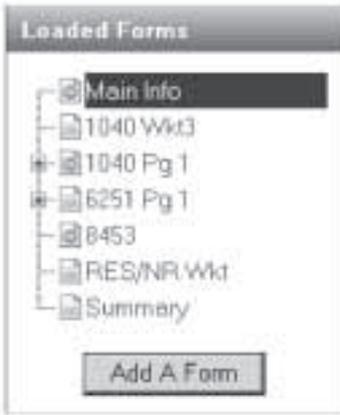
The following illustration shows the **Refund Monitor**:



- Displays the current AGI
- Displays the current Refund/Balance Due

Check Return Status displays the current e-file status of the active return.

The following illustration shows the default forms loaded with each return:



The following table describes the symbols used in the Loaded Forms Tree:

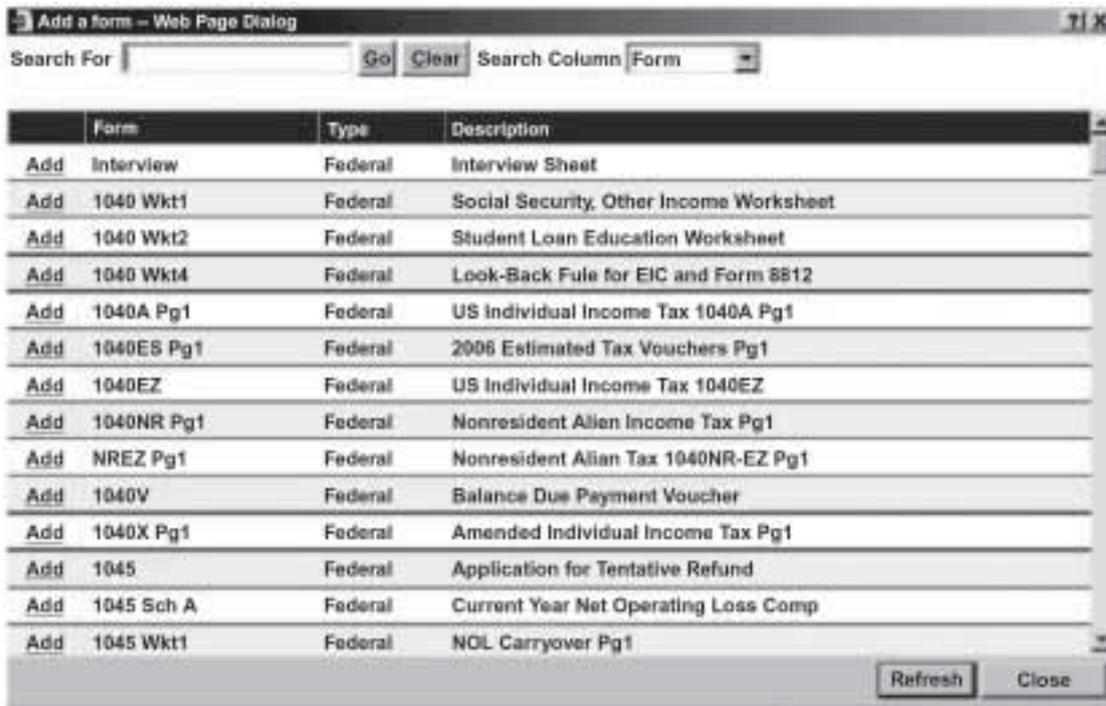
Symbol	Description
	Complete Form
	Form loaded, but not used
	Incomplete form
	Multi-page form
	Copy this form
	Remove form

Adding Forms to a Return

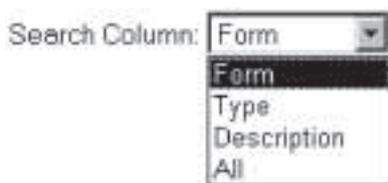
Two ways to **Add a Form** to the active tax return:

- From the Loaded Forms tree, click the **Add a Form** icon, or
- Select the **Forms List** icon.

The following illustration shows the Add a Form window:



- Use the dropdown menu to restrict your form search criteria.



- Enter the Form Name, Form Number, or part of the form description in the **Search For** box:



- Select **Go** to search the Forms list.

- Select **Clear** to remove your search criteria.
- Click the **Add** link next to the appropriate form.
- Complete applicable forms and run diagnostics.

Additional Dependent Worksheet

If there are more than four dependents to list, enter the first four dependents on the Main Information Sheet and the remaining dependents on the Additional Dependent Statement by linking from the first dependent on page 1 of Form 1040.

- Nondependents **must** be listed on the Main Information Sheet—they cannot be listed on the statement.
- Children who are qualifying children for EIC or Dependent Care must be listed on the Main Information Sheet.

The following illustration shows the link icon on Form 1040 page 1:

6 c Dependents	
Firstname	Lastname
FIRST	CHILD
SECOND	CHILD
THIRD	CHILD
FOURTH	CHILD

- Click on the first name in the list.
- Click on the Link icon.

The following illustration shows the Entry Links window:



- Click on the **New** Tab.
- The Entry Links window defaults to Existing forms.
- Click on the **Add** icon next to “Addl Deps – Form 1040 Line 6c”

The following illustration shows the Additional Dependent Worksheet:

US 1040		Line 6c: Additional Dependents				2005			
Do not skip lines. Delete blank lines by using the ALT and DELETE keys.									
Code = Dependent code. Enter 1, 2, or 3.									
Dependent Information		Name code	Date of birth	Age	Social security number	Relationship to you	Month	Day	C T C
Firstname	Lastname								
FIRST	CHILD	CHIL	02/20/1999	6		SON	12	1	<input checked="" type="checkbox"/>
SECOND	CHILD	CHIL	04/18/2002	3		DAUGHTER	12	1	<input checked="" type="checkbox"/>
THIRD	CHILD	CHIL	04/18/1999	6		DAUGHTER	12	1	<input checked="" type="checkbox"/>
FOURTH	CHILD	CHIL	04/18/2002	3		DAUGHTER	12	1	<input checked="" type="checkbox"/>
FIFTH	CHILD	CHIL	04/18/2002	3		SON	12	1	<input checked="" type="checkbox"/>
SIXTH	CHILD	CHIL	04/18/2002	3		DAUGHTER	12	1	<input checked="" type="checkbox"/>
				0				0	<input type="checkbox"/>
				0				0	<input type="checkbox"/>

Note: Social security numbers were removed for this resource guide.

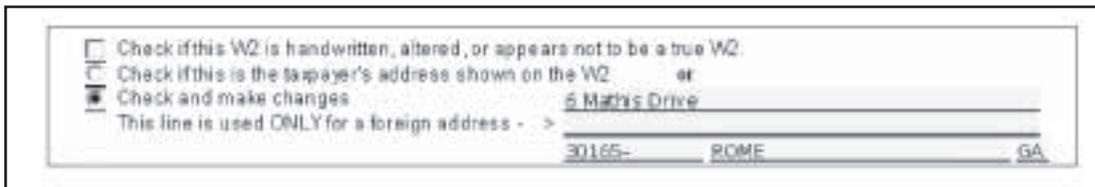
Making Changes to the W-2

1. Open the W-2.
2. Select **Taxpayer** or **Spouse**.

Address on W-2 is different than the address on the main information sheet:

1. Select **Check and make changes**.

The following illustration shows the W-2 when **Check and make changes** has been selected:



The screenshot shows a section of a W-2 form with the following text and input fields:

- Check if this W2 is handwritten, altered, or appears not to be a true W2.
- Check if this is the taxpayer's address shown on the W2 or
- Check and make changes**
- This line is used ONLY for a foreign address - >

The address fields contain the following text:

- 6 Mathis Drive
- 30165- ROME GA

Type the information as it appears on the W-2 in the address section. **Do not** enter punctuation in the address line.

The second address line is for foreign addresses ONLY.

Turning the calculations off:

- Select **Check** to take calculations off of lines 3, 4, 5, and 6.
- Select **Check** to take calculations off of line 16, state wages.

The following illustration shows the W-2 when calculations have been turned off.

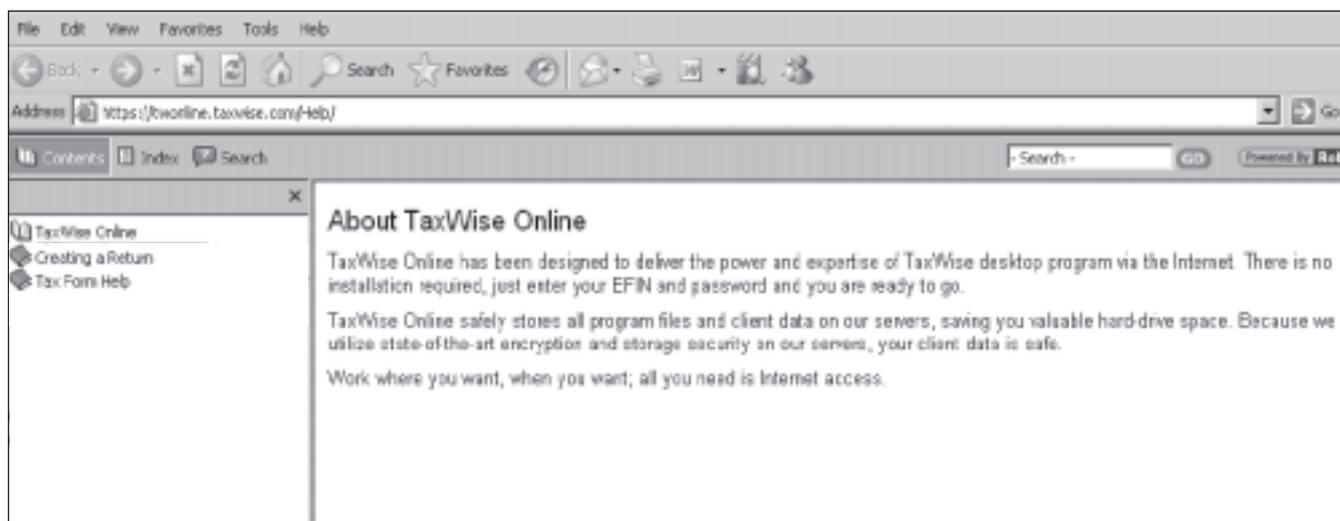
c Employer's name Employer's care of name. Use % for care of _____ Employer's address _____ Employer's Zip code, city, and state _____		3 Social security wages <u>18000</u>	4 Social security tax withheld <u>1115</u>			
d Employee's social security number: 412-99-1146		5 Medicare wages <u>18000</u>	6 Medicare tax withheld <u>261</u>			
e Employee's name and address TEST M JUNIOR JR f Employee's address and Zip code 17 Mathis Drive CALHOUN GA 30701-		7 Social security tips 0	8 Allocated tips 0			
9 Advance EIC payment 0		10 Dependent care benefits 0				
11 Nonqualified plans 0						
12 Code Amount YY -> Year for prior year --- 0 --- year --- 0 --- USERRA contribution --- 0 --- --- 0 ---		14 Other Type Amount Qualifies for Form 8860 _____ 0 <input type="checkbox"/> _____ 0 <input type="checkbox"/> _____ 0 <input type="checkbox"/> _____ 0 <input type="checkbox"/> RR = Railroad; T = Tier RRT1: 0 RRT2: 0 RRTM: 0				
13 Statutory employee Retirement plan Third party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>						
15 State	State ID number	16 St wages	17 State tax	18 Loc wages	19 Local tax	20 Local name
		0	0	0	0	

- Enter the appropriate wages and withholding in the fields with blue underlines.
- **Do not** override and enter wages directly without checking the boxes to remove calculations.

TaxWise® Online Help

- From the Homepage or from inside a tax return, select the **Help** icon.
- TaxWise® Online Help opens in a separate browser window.

The following illustration shows the TaxWise® Online Help window:



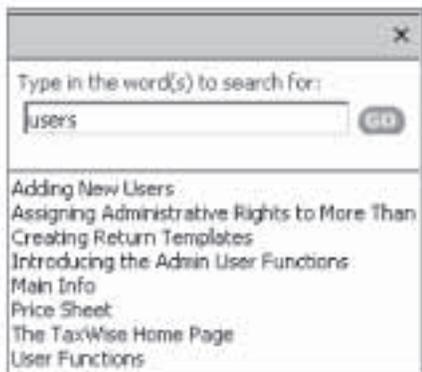
- Select the closed book icon to expand the contents of TaxWise® Online Help.



- Select the appropriate topic line to display detailed help information.



- Select the open book icon to close the topic.
- Enter keyword(s) in the Search box and click **Go**. This will display a list of choices that are in the Help file.



State Help

- State Help files are maintained in the TaxWise® Knowledge Base.
- Access these files by using the Homepage's **Assistance** search box.
- Type in XX State Help and click **Go**.



- The Knowledge Base entry opens in a separate window.

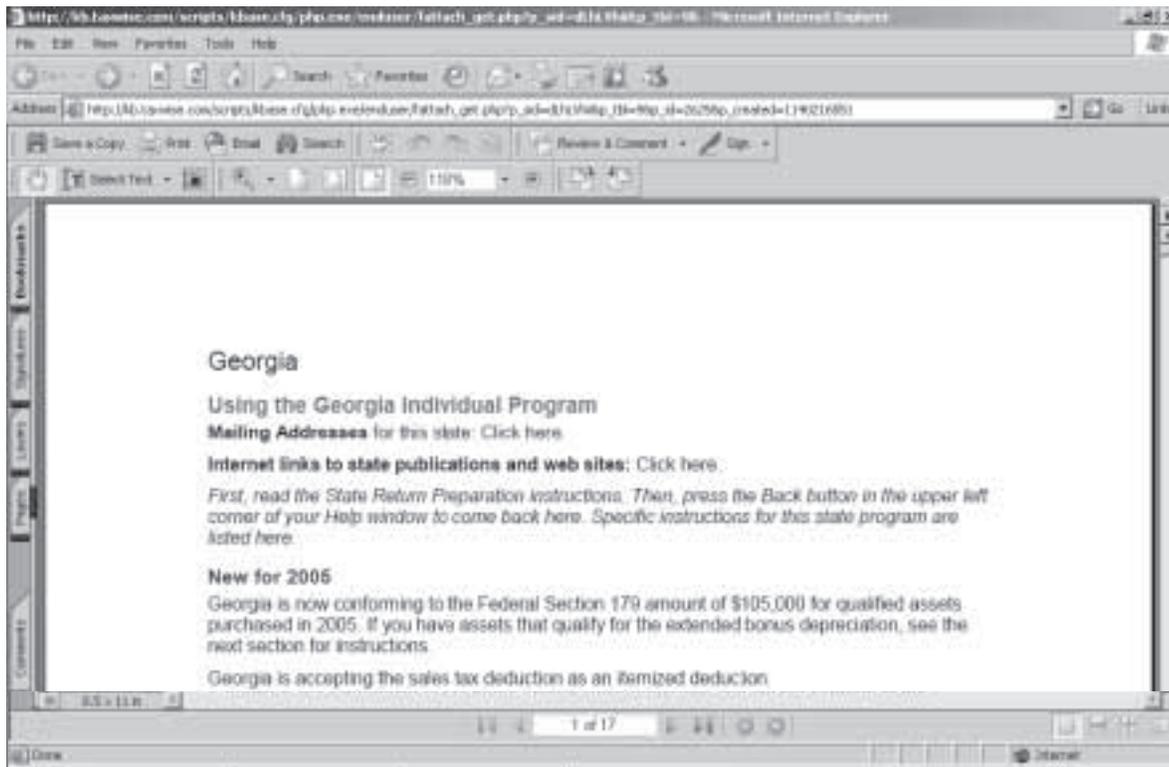
The following illustration shows the Knowledge Base.

A screenshot of the TaxWise Knowledge Base search results page. The page features the TaxWise logo and navigation tabs: 'Knowledge Base Home', 'Answers', 'Submit a Suggestion', and 'User Profile'. The search interface includes filters for 'Year' (set to 'Any') and 'Language' (set to 'Any'), a search text field containing 'GA State Help', and options for 'Search by' (set to 'Phrases') and 'Sort by' (set to 'Default Sort'). Below the search filters, it indicates '543 Answers Found' and 'Page:'. A table of search results is displayed, showing a list of state help topics and their corresponding category numbers.

	Give a brief Description	Category
1	GA State Help	1040
2	WV State Help	1040
3	PA state help	1040
4	VA state help	1040
5	WI state help	1040
6	IN state help	1040
7	TH state help	1040

- Select **State Help**.
- Select the PDF attachment.

The following illustration shows a sample of the State Help PDF.



- Search the PDF for form-specific help and county codes.
- Save the PDF to your computer for future reference.

Setting the Return Stage

Return stage helps you manage your returns. The return stage is visible in the return list.

TaxWise® Online comes with the following pre-defined return stages:

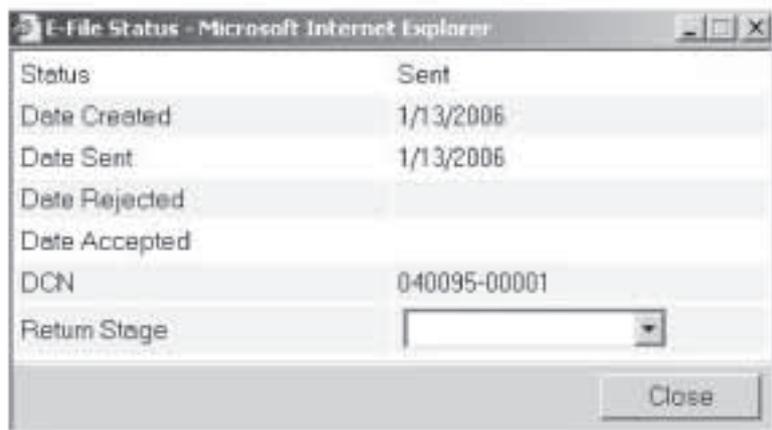
- Ready to Review
- Ready to Transmit
- Waiting on Signature
- Waiting on Tax Info
- Rejected
- Complete

Setting the return stage from inside the tax return:

1. Open the return.
2. Select the **Return Status** icon.

Setting the return stage from the TWO homepage:

The following illustration shows the E-File Status dialog window:



1. Click the Return Stage arrow.
2. Select the appropriate return stage.
3. Click the **Close** button.
4. Close the return.

Running Diagnostics and Creating an Electronic File

- Select the **Run Diagnostics** icon for the active return.

The following illustration shows the diagnostics details:

Diagnostics Results				
Electronic Filing Errors:				
This entry should not be filed				
Electronic filing errors detected				
SSN Diagnostics:				
Name	SSN	Year Born	Year Issued	State Issued
Sample Return	111-11-1112	1960	2005	New York
Test dependent	111-11-1113	2003	2005	New York
No SSN warnings				
Warnings:				
This is a refund on the tax return and no direct deposit information has been filed in. Is this correct? (W67)				
Overridden entries:				
overridden entry				
Estimated entries:				
estimated entry				
No notifications				

- Correct all e-file errors.
- Select the **Run Diagnostics** icon again.

The following illustration shows the diagnostics details after all e-file errors have been corrected:

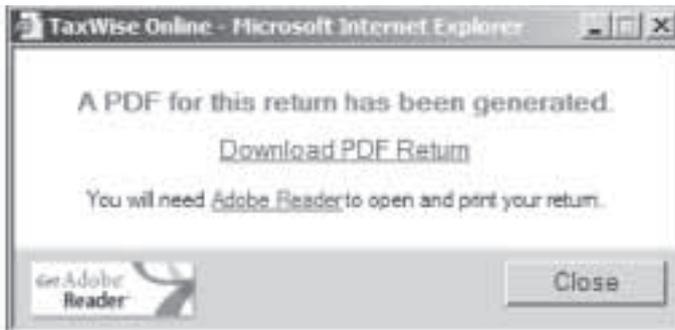
Diagnostics Results				
SSN Diagnostics:				
Name	SSN	Year Born	Year Issued	State Issued
Sample Return	111-11-1112	1960	2005	New York
Test dependent	991-21-2121	2003	Unassigned	UNKNOWN STATE
SSN Warnings:				
Warnings:				
Overridden entries:				
Estimated entries:				
Notifications:				
No electronic filing errors detected				

- Select the **Mark as Ready to E-file** checkbox.
- Close the return.
- Complete this step prior to printing the return. This will print the DCN on Form 8453 and Form 8879.

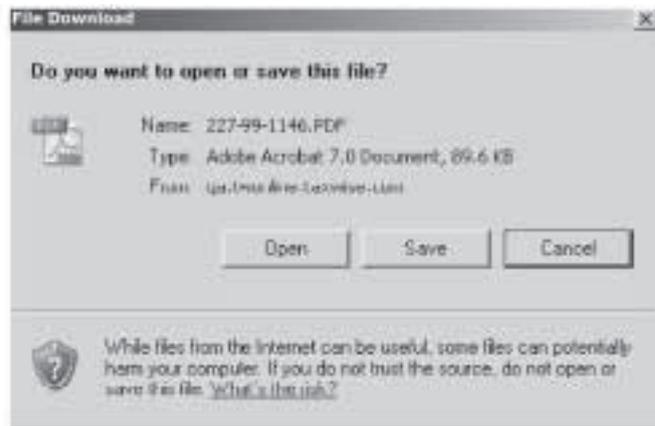
Printing the Active Tax Return

- The pop-up blocker must be disabled.
- Adobe Reader 7.0 or higher is required to print returns.

To print a return while you have the return open, you can click the task bar's **Print Return** button. In the pop-up box, click on the **Download PDF Return** link.



When you click on this link you will see the File Download box shown below. Click the **Open** button on this box.



Note: Be sure to select **Open** and not **Save**. Selecting **Save** will copy to the computer the PDF which has sensitive taxpayer information that is difficult to completely erase. Also, see **TWO Printing Security Requirements** in Publication 3189 for important information.

Once the pdf file opens, you can select **To Print** by clicking on the **Print Return** icon on the task bar.

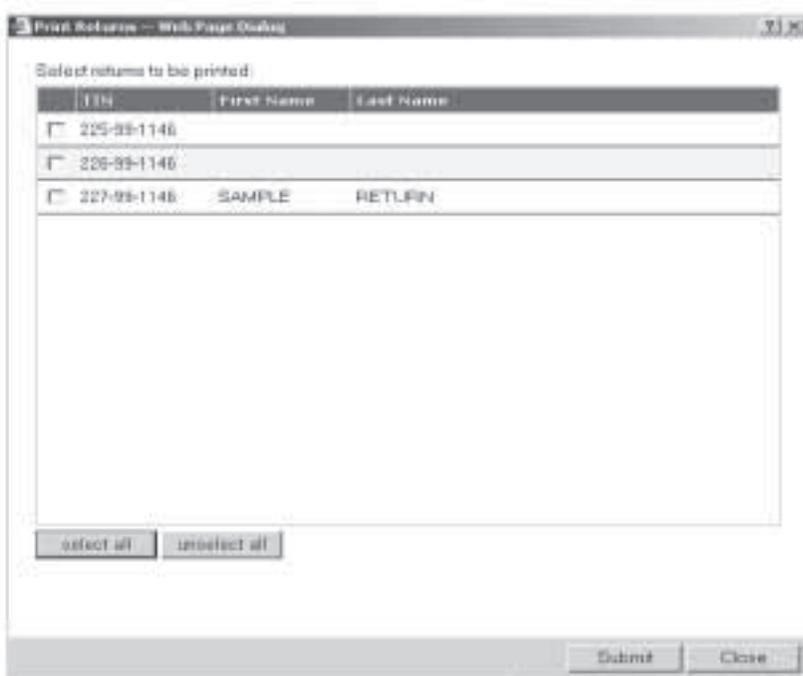
Note: This will print the entire return. To print a specific page, identify the page number, change the print range, and increase the number of copies for that page.

- Select **Cancel** to cancel the printing process.

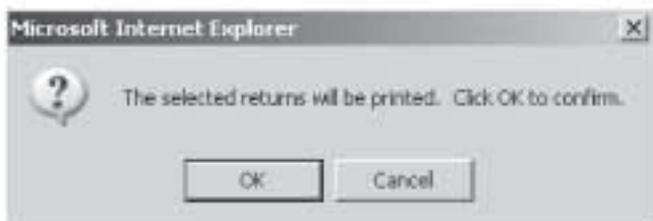
Printing from the User Homepage

- Select the **Print Return** icon.

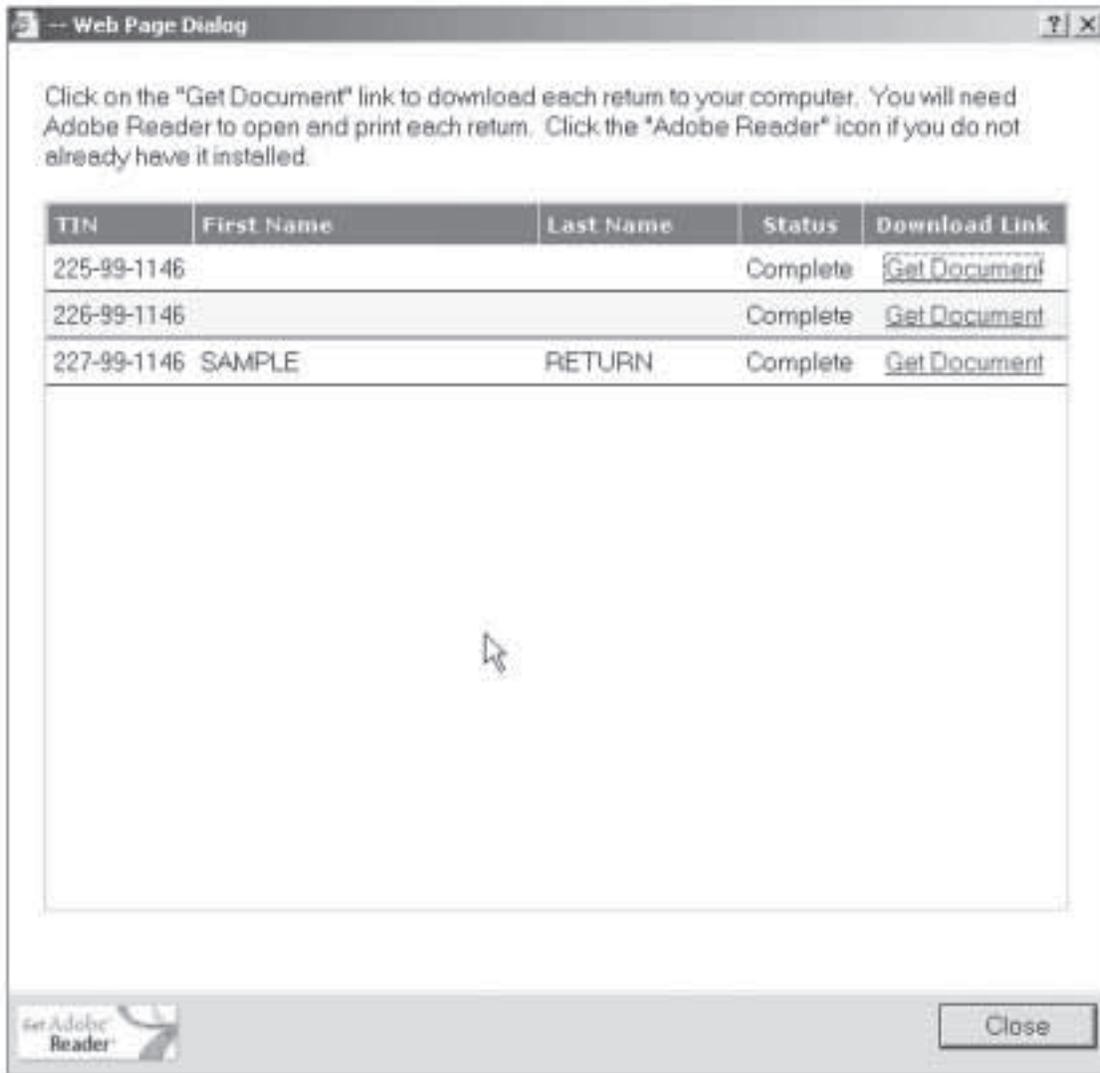
The following illustration shows the **Print Returns** dialog box:



- Select the appropriate returns to print.
- Click on the **Submit** button.
- Click **OK** to confirm the selected returns to print.



The following illustration shows the **Get Document** dialog box:

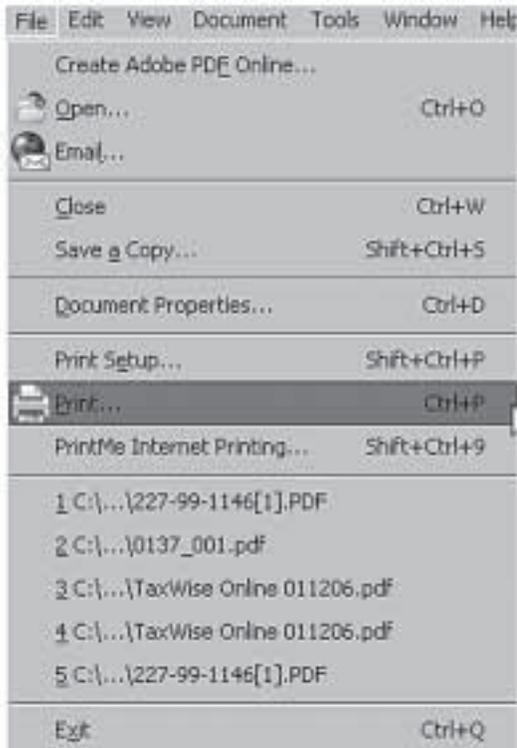


- Select the appropriate **Get Document** link to display the PDF.
- After printing the appropriate returns, click the **Close** button.

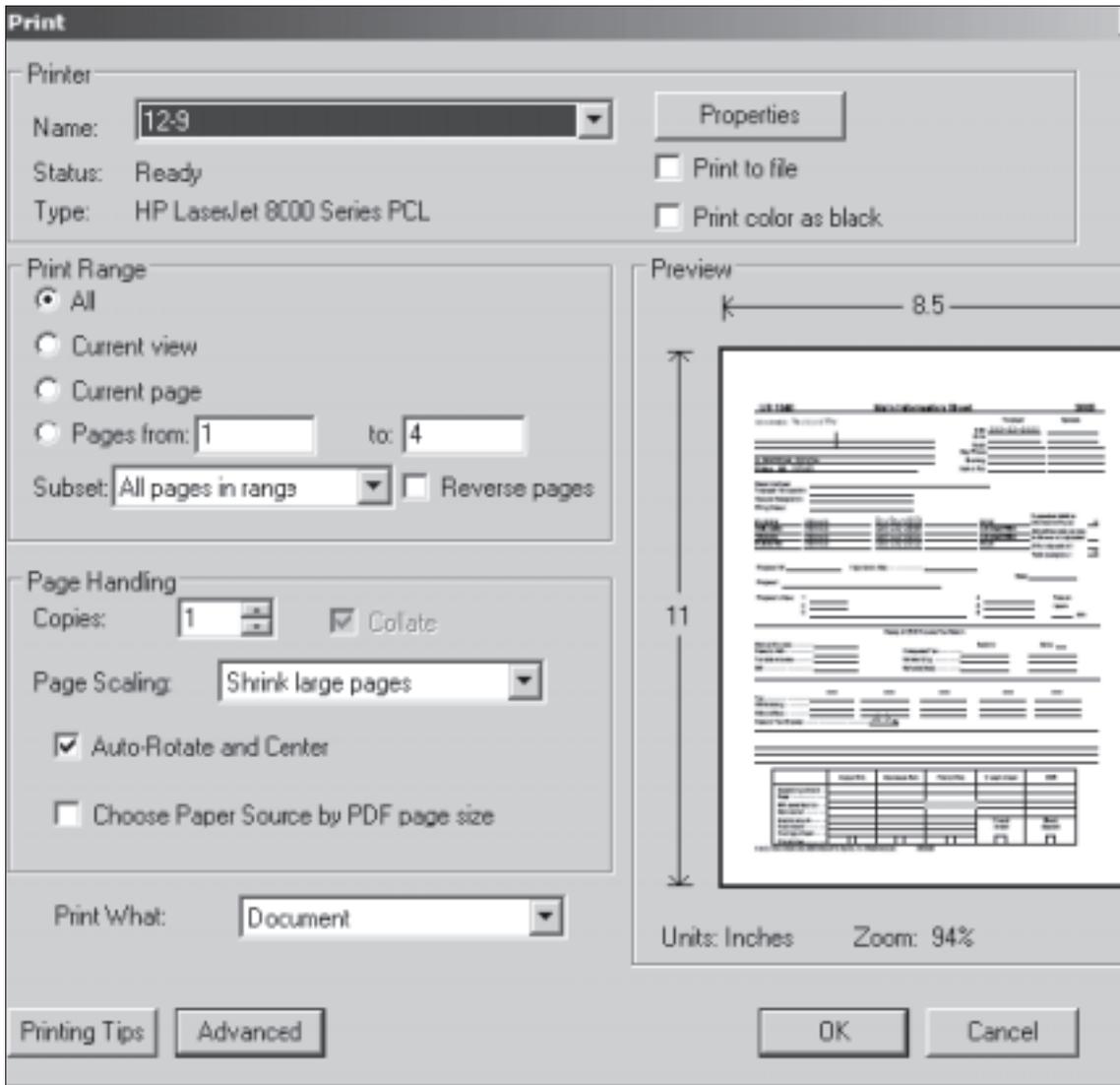
Printing from the PDF file

The PDF file will include one completed copy of each completed form inside the tax return.

- Open the **File** menu.
- Select **Print...**



The following illustration shows the Adobe Reader Print dialog box:



Defaults to your Windows default printer.

Scenario: Print 2 copies of the return and 3 copies of Form 8453, if applicable.

- Increase the number of copies to 2 to print the first 2 copies of the return.
- Print the third copy of Form 8453 by printing the specific page.

Completing a Return in TaxWise®

1. Complete applicable state forms.
2. Look in tree for forms with red exclamation marks.
 - Open form and look for red entries, then correct or complete.
 - A red block with a zero in it does not necessarily prevent a return's being e-filed. If the diagnostic does not indicate error, then it will not be a problem. Press F3 on the red block to remove the red.
3. Check return. Press F7 to see Tax Return Summary .
 - Review with taxpayer. Click **OK** to close the summary.
 - See balance due issues and payments later in this section.
4. If e-filing and taxpayer agrees to PIN method, return to the Main Information Screen to complete the PIN information.
5. If return is for paper filing, check that Main Info Screen has **Paper** selected for Type of return. Check that state form reflects the taxpayer choice as well.
6. Run Diagnostics.
 - Review warnings to see if any changes are needed.
 - If there are any filing errors, click **Next Entry** button in mid-screen (form to correct will be in lower screen and cursor will be on error) and make necessary correction. When there is an error on a Form W-2, clicking **Next Entry** will display only the first Form W-2; if the return has multiple Form(s) W-2, you may have to open them from the tree to find the error. Continue until all errors are corrected. Rerun diagnostics.
 - When there are no electronic errors, if you want to e-file the return, click **e-file** button (mid-screen), click **OK** (e-file created). Click **Close** to go back to tax return.
 - Quality Review. (The quality review can be done either here or after printing) If errors are found, correct, rerun diagnostic, and recreate e-file.
7. Click the applicable box for TaxWise® or TWO.
8. Print return, for e-file returns:
 - For Practitioner PIN, 2 copies of Form 8879 required
 - For Self-Select PIN, no additional form
 - If Form 8453 is used, 3 copies required
9. Collate return and review with taxpayer.
10. For e-file return, use applicable approach:
 - Practitioner PIN, obtain original signature on Form 8879 before transmission
 - Self-Select PIN, taxpayer must enter PIN in TaxWise® before transmission

If the return is a joint return, advise the taxpayer that it will not be electronically transmitted until both signatures or PINs, as applicable, are entered.
11. For a paper return, advise the taxpayer to:
 - Sign and date the return (federal and state, if applicable)
 - Also have the spouse sign the return, if a joint return.
 - Attach copies of Form(s) W-2 and any Form(s) 1099 with withholding.
 - Attach a copy of the federal return to the state return.
12. If a child cannot sign his or her name, the parent or guardian can sign the child's name in the space provided followed by the words: By (parent or guardian signature) parent or guardian for minor child.
13. Follow Distributing Copies of Return shown later in this section.
14. Complete site log, if applicable.

PIN Guidelines

Practitioner PIN Guidelines

There are two signature methods for e-file returns: Practitioner PIN and Self-Select PIN. The Practitioner PIN method is the preferred electronic signature method for taxpayers.

What? The PIN can be any five numbers except all zeros. If filing a joint return, a PIN is needed for the taxpayer and his or her spouse. The Practitioner PIN option requires the completion of Form 8879, IRS *e-file* Signature Authorization, or Form 8878 if filing Form 4868 with electronic funds withdrawal. The taxpayers may use Form 8879 to authorize the volunteer to enter a PIN on their behalf. The signed Form 8879 must be retained for **three** years from the return's due date or the IRS received date, whichever is later. Copies of Forms W-2, Form W-2G, and Form 1099-R (that have federal withholding) must be retained until December 31 of the year in which a return was filed.

When Form 8453 with attachments must be sent to submission processing center

The following forms need to be attached to a Form 8453, U.S Individual Income Tax Transmittal for an IRS *e-file* Return, in order to complete the e-file process.

- Form 3115, Application for Change in Accounting Method
- Form 3468, Investment Credit (if Historic Structure Certificate is required)
- Form 5713, International Boycott Report
- Form 8283, Noncash Charitable Contributions (if using section B)
- Form 8332, Release of Claim to Exemption for Children of Divorced or Separated Parents
- Form 8858, Information Return of U. S. Persons with Respect to Foreign Disregarded Entities
- Form 8885, Health Coverage Tax Credit
- Schedule D-1, Continuation Sheet for Schedule D
- Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes
- Form 4136, Credit for Federal Tax Paid on Fuels
- Form 8864, Biodiesel and Renewable Diesel Fuels Credit (if certificate and/or reseller statement is required)
- Worksheets 1 through 4 from Pub. 517, Social Security and Other Information For Members of the Clergy and Religious Workers

How to use the Practitioner PIN option in TaxWise®

- Go to Main Information Sheet.
- Scroll to the Self-Select and Practitioner PIN(s) section.
- For **ERO PIN**, enter: **98765** (this is the designated ERO PIN for all volunteer *e-file* sites and can be set as a default).
- Check the box below the PIN field to select the Practitioner PIN method.
- The volunteer may enter the taxpayer(s) PIN in the electronic return record on the Main Information Sheet before the taxpayer(s) signs Form 8879, but the taxpayer(s) must sign and date the form **before the e-file administrator** transmits the electronic submission of the return.
- Tab to the income tax return and place an "X" in the box. Tab to the Taxpayer/Spouse PIN section and enter a PIN for the taxpayer(s), check I authorize for each taxpayer, and enter the date.
- Print the return and two copies of Form 8879 (Form 8878, if filing Form 4868 with electronic funds withdrawal). Provide one copy to the taxpayer for his or her record and have the taxpayer(s) sign the second copy. Attach a copy of any Form W-2, Form W-2G, and Form 1099 that have withholding to the signed copy. If the spouse is not available for signature, the taxpayer may take Form 8879 home for signature and then return the completed document. Form 8879 must be signed and returned before the *e-file* Administrator transmits the return.
- Form 8879 must be retained by the IRS SPEC Territory Office for three years from the return's due date or the IRS received date, whichever is later.

- Forms W-2, W-2G, and 1099-R (that have federal withholding) must be retained until December 31 of the processing year.

When the following have been accomplished, PIN(s) can be entered by the tax preparer.

- Return has been quality reviewed
- The client(s) agrees with the return
- The client is eligible to use the Practitioner PIN method

Form 8879 is then printed for signature by the client(s).

Self-Select PIN Guidelines

The Self-Select PIN method is an additional electronic signature method for taxpayers.

Why? It eliminates the requirement for Form 8879, IRS *e-file* Signature Authorization.

What? The Self-Select PIN method allows taxpayers to electronically sign their *e-filed* return by entering **their own** five-digit PIN. The PIN can be any five numbers except all zeros. If filing a joint return, a PIN is needed for the taxpayer and his or her spouse. The taxpayer does not need to register the PIN with the IRS before filing or contact the IRS to get a PIN. If this confuses the taxpayer, suggest that they consider entering their zip code as their PIN.

What are the guidelines for entering the original adjusted gross income (AGI)? When taxpayers sign their electronic tax return using the Self-Select PIN method, they must provide their original prior year AGI or prior year PIN for the IRS to validate their identity. The prior year AGI is the amount from the taxpayer's prior year originally filed return as accepted by the IRS; it is not the amount from an amended return or a math error correction made by the IRS. In some cases the prior year AGI may have unique features as follows:

- If the prior year return was filed as married filing jointly with the same spouse, enter the same prior year total AGI amount for each taxpayer. Do not divide the amount between the taxpayers.
- If the prior year return was filed as married filing jointly with a different spouse, enter the prior year total AGI amount from the joint return filed with the ex-spouse.
- If the taxpayer did not file a prior year tax return, the prior year return was filed after December 9, 2006, the prior year AGI was zero, or the taxpayer **did not need to file a prior year tax return but filed a return anyway**, the taxpayer must enter "Zero" for the original prior year AGI amount. **Do not leave this field blank**; the return will reject if the field is left blank for a zero amount.
- If the taxpayer's AGI is negative, the negative amount should be entered.
- If the taxpayer is unsure of his or her original prior year AGI, he or she may call IRS Customer Service at 1-800-829-1040.

When Form 8453 with attachments must be sent to submission processing center

The following forms need to be attached to Form 8453 (U.S Individual Income Tax Transmittal for an IRS *e-file* Return) in order to complete the e-file process.

- Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes (or acceptable documentation/required Donor Documentation)
- Form 3115, Application for Change in Accounting Method
- Form 3468, Investment Credit (if Historic Structure Certificate is required)
- Form 4136, Credit for Federal Tax Paid on Fuels (if certificate and/or reseller statement is required)
- Form 5713, International Boycott Report
- Form 8283, Noncash Charitable Contributions, Section A (if statements required) or Section B, Donated Property

- Form 8332, Release of Claim to Exemption for Children of Divorced or Separated Parents (or similar statement)
- Form 8858, Information Return of U.S. Persons With Respect to Foreign Disregarded Entities
- Form 8864, Biodiesel and Renewable Diesel Fuels Credit (if certificate and/or reseller statement is required)
- Form 8885, Health Coverage Tax Credit
- Schedule D-1, Continuation Sheet for Schedule D (Form 1040) (or acceptable substitute) if the taxpayer elects not to include his or her transactions on the electronic STCGL/LTCGL Records
- Worksheets 1 through 4 from Pub. 517, Social Security and Other Information For Members of the Clergy and Religious Workers

How to use the Self-Select PIN option in TaxWise®

- Go to the Main Information Sheet.
- Scroll to Self-Select and Practitioner PIN(s) section. For ERO PIN, enter **98765**. (This is the designated ERO PIN for volunteer sites and can be set as a default.) **Do not** check the box below it.
- Tab to Income Tax Return and place an “X” in the box. (This can be set as a default.)
- Enter the taxpayer’s prior year PIN or the original AGI from last tax year’s federal tax return.
- If married filing a joint return, the AGI for the spouse will be the same as the taxpayer.
- If the taxpayers filed separate returns in the prior year, the spouse’s AGI will need to be overridden before it can be entered.
- If the AGI is negative, enter the negative amount.
- For taxpayers who didn’t file last tax year, filed after December 9 of the current tax year, or the taxpayer **did not need to file a prior year tax return** enter zero (“0”) for the adjusted gross income. **Do not leave this field blank.**
- Ask the taxpayer (and spouse if married filing a joint return) to enter any five numbers for a PIN (not all zeros).
- Enter the date.
- Put an “X” in the “I do not authorize” box. (This can be set as a default.)
- Close form.
- Copies of any Forms W-2, W-2G, and 1099-R (that have withholding) must be retained until December 31 of the processing year. Suggestion: since you should remove the Form 8879 from your “Print Packet” for the Self-Select PIN process, these forms may be attached to the printed copy of the Main Information sheet the prints from TaxWise®.

Removal of Form 8879 from the Print Packets: The following procedures should be taken only when Self-Select PIN option is used. TaxWise® software is programmed to print Form 8879 each time the Self-Select PIN or Practitioner PIN method is used. To eliminate the automatic print of Form 8879 when the Self-Select PIN is used, edit Print Packets by taking the following steps:

1. Go to **Tools**.
2. Select **Utilities/Setup Options**.
3. Select **Setup**.
4. Select **View/Edit Print Packets**.
5. Highlight the Pin Auth form on the right side under Selected Forms to Use.
6. Right-click and choose **Remove**.

CAUTION: TaxWise® software users—Do not delete Form 8879 from your TaxWise® Tree. The information contained in this form must be included in the *e-file*.

Return Signature

A return is not considered valid unless it is signed. Both spouses must sign if the return is filed jointly. The return should be dated and the occupation lines should be completed.

Child's Return

If a child cannot sign his or her name, the parent, guardian, or another legally responsible person must sign the child's name in the space provided followed by the words "By (parent or guardian signature), parent or guardian for minor child."

Deceased Taxpayer

If a taxpayer died before filing the return, the taxpayer's spouse or personal representative may have to file and sign a return for the person who died. A personal representative can be an executor, administrator, or anyone who is in charge of the decedent's property.

If the taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund.

Filing Returns of Deceased Taxpayers

If filing a paper return, write "Deceased," the decedent's name, and the date of death across the top of the tax return.

If the spouse died during the year and the surviving spouse did not remarry, a joint return can be filed. If the spouse died before signing the return, the executor or administrator must sign the return for the deceased spouse. If the surviving spouse or anyone else has not yet been appointed as executor or administrator, the surviving spouse can sign the return for the deceased spouse and enter "Filing as surviving spouse" in the area where the return is signed.

Filing Returns for Deceased Taxpayers – Using TaxWise®

If the taxpayer or spouse died in 2007 or 2008, the "Name line 2" must be completed on the Main Information Sheet. Type the name of the person filing the return for the deceased person. Do **not** type the percent (%) sign; type only the name. This may be the surviving spouse if the filing status is MFJ, or a personal representative such as an executor, administrator, or anyone who is in charge of the deceased taxpayer's property.

In the Taxpayer Information section of the Main Information Screen, the date of death for the taxpayer must be entered.

Claiming a Refund for a Deceased Person

If a surviving spouse is filing a joint return with the decedent, file the tax return to claim the refund. Court-appointed representatives should file the return and attach a copy of the certificate that shows their appointment. All other filers requesting the decedent's refund should file the return and attach Form 1310.

Pointers for Direct Deposit of Refunds

- Using a voided check as proof of account, verify:
 - Routing Transit Number (RTN). The RTN must contain 9 digits and begin with 01 through 12 or 21 through 32.
 - Depositor Account Number (DAN). The DAN can be up to 17 characters. Omit spaces, the actual check number, special symbols, and the dollar amounts on canceled checks.
- For direct deposit into savings accounts: Routing numbers and account numbers for savings accounts may not be the numbers on the deposit slip or the monthly statement. Obtain a statement from the financial institution to verify the routing number and account number for savings accounts used for direct deposits.
- Double check the RTN of the financial institution before the return is transmitted if:
 - You are unfamiliar with the financial institution. (Some types of accounts that exist through brokerage firms cannot accept direct deposits.)
 - The RTN is for a credit union, which is payable through another financial institution. The taxpayer should contact his or her credit union for the correct RTN.
- Entering the incorrect RTN and/or DAN will result in a 4–6 week delay of the refund! If the direct deposit is voided, a paper check will automatically be mailed to the address on the electronic tax form.



Caution: Financial institutions generally do not allow a joint refund to be deposited into an individual account. The IRS is not responsible if a financial institution refuses a direct deposit.

Note: The routing and account numbers may be in different places on the check.

Paul Maple
Deborah Maple
1234 Windy Oaks Drive
Anytown, MD 20000

PAY TO THE ORDER OF _____ \$

ANYTOWN BANK
Anytown, MD 20000

For _____

Routing Number : 250250025 : **Account Number** 20202086

1234

19 _____ 1234
15-0000-0000

Do Not include the check number

DOLLARS

SAMPLE

In TaxWise® direct deposit information needs to be entered on both the Main Information Sheet and Form 1040 or Form 1040A, page 2. Also enter the information on the applicable line on state forms.

Note: Do not use a checking account deposit slip as proof of account because the routing number may be different than on a check.

Distributing Copies of Returns

Taxpayer

- Form 1040 with all forms/schedules including Form 8879 or Form 8453 if applicable.
- Form 8332, if applicable
- Original Power of Attorney, if applicable
- State forms/schedules, as applicable
- All other taxpayer documents including Form(s) W-2 and Form(s) 1099
- If Self-Select PIN is used, no other distribution of forms is needed. Otherwise complete the following:

IRS Processing Center (for e-filed return—after acknowledgement received)

- Form 8453, if applicable
- Copy of Form 8332, if applicable
- Copy of Power of Attorney, if applicable
- Any other required attachments

IRS SPEC Territory Office (as directed; generally at the end of the season)

- Form 8453, if applicable
- Form 8879 with original signature, if applicable
- Form 8332, if applicable
- Copy of Power of Attorney, if applicable
- Copy of Form(s) 1099, if required, and Form(s) W-2.
- Any other required attachments

Important Note: Please advise your sites that they must inform all taxpayers who e-file their return that they will not receive a tax package in the mail the following year. Forms and publications may be accessed via the Internet at www.irs.gov/formspubs

Balance Due Returns

(See Form 1040, 1040A or 1040EZ Instructions for additional information)

- Do not have to pay if balance due is less than \$1
- Payment in full due by April 15, 2008 to avoid interest and penalties
- Taxpayer should file his or her return by April 15, 2008 to avoid a failure-to-file penalty.
- Taxpayer may ask to make monthly installment payments. Advise the taxpayer to complete Form 9465, Installment Agreement Request. Explain that penalty and interest is charged on any amount not paid by the due date. In addition a fee is charged if a taxpayer's request for an installment agreement is granted.
- No cash payments

Payment Options

1. Check, money order, or credit card payments

- Do not attach the payment to the return
- Make check or money order **payable to "United States Treasury"**
- On checks, write "2007 Form 1040, 1040A or 1040EZ" in the memo or "For" section.
- Write name, address, daytime phone number, and SSN/ITIN on the payment
- If filing a joint return, enter the SSN/ITIN shown first on the return
- Submit the payment with a properly completed Form 1040V, Payment Voucher

2. Credit card payments

- American Express, Discover, Mastercard or Visa cards accepted
- A convenience fee will be charged by the service providers:

Link2Gov Corporation	Official Payment Corporation
1-888-PAY-1040 SM (1-888-729-1040)	1-800-2PAY-TAX SM (1-800-272-9829)
1-888-658-5465 (Customer Service)	1-877-754-4413 (Customer Service)
www.PAY1040.com	www.officialpayments.com
- See instruction booklet or call service provider for details

3. Electronic Funds Withdrawal

e-filing allows taxpayers to file their return early and schedule their payment for withdrawal from their checking or savings account on a future date up to April 15, 2008.

If this option is chosen for an electronic return prepared using TaxWise®:

- Enter the bank account information on the Main Information Screen.
- Make the selection for direct debit on the bottom of Form 1040/1040A, page 2 or Form 1040EZ, page 1. Check the Yes box below Amount You Owe.
- Complete Form ACH 1040/ES, Direct Debit for Balance Due or Estimated Tax Payment.
 - Click 2007 income tax balance due
 - Re-enter bank account information
 - Enter Requested Payment Date
- When e-filing a Form 1040 series return, up to four estimated payments can be scheduled for withdrawal on the following dates: April 15, 2008, June 16, 2008, September 15, 2008, and January 15, 2009.

Quality Review

1. The accuracy and quality of return preparation are cornerstones of VITA/TCE programs.
 - For the 2008 filing season, the quality review efforts at VITA/TCE sites is ongoing.
 - All tax returns prepared at the site must be quality reviewed using a **Form 8158, Quality Review Sheet, or approved alternative form.**
 - This quality review is in addition to diagnostic checks made by any software program. Generally diagnostic checks only confirm math errors or missing data.
 - A comprehensive quality review confirms with the taxpayer, using the supporting documentation provided, that the return is a complete and accurate statement of the taxpayer's tax responsibility for the year.
2. Every site must have a Quality Review process.

Quality Initiatives

1. Pre-tax preparation includes volunteer certification and Standards of Conduct.
 - Volunteers can only prepare returns or perform quality reviews at the level for which they are certified.
2. **Form 13614, Intake and Interview Sheet or approved alternative form** must be completed with every return.
 - Use the Intake and Interview Sheet or approved alternative form to complete a probing and comprehensive interview with the taxpayer.
3. **Form 8158, Quality Review Sheet or approved alternative form** must be completed for every return.
 - Form 8158, Quality Review Sheet, has been revised. Consider each item on the form to ensure quality and accuracy for every taxpayer.
 - If an item is incorrect, make the needed correction to the return.

ALERT **AVOID PROCESSING DELAYS—INCORRECT SSN/ITIN USAGE**

The incorrect use of SSNs/ITINs can lead to delays in a taxpayer receiving a refund. There are two types of incorrect usage:

- Using a SSN/ITIN that was not assigned to the taxpayer (i.e., using some other person's SSN/ITIN).
- Usage of a correct SSN/ITIN by more than one taxpayer (i.e., two taxpayers filing separately and claiming the same dependents).

ALERT **THERE'S A PLACE FOR YOU ON THE IRS INTERNET SITE**

Visit the Partner Products and Volunteer Resource Center for information on the latest hot topics

For example:

- Information on new tax law
- Disaster Relief

and, information you can use to prepare a quality return:

- Volunteer Return Preparation Program (VRPP) Quality Improvement Process for tax year 2007
- Volunteer quality alerts contain the latest volunteer tax law updates and other helpful tips throughout the filing season
- Site identification number should be used on all returns you prepare

Log-on at www.irs.gov – Keyword: Community Network

2008 IRS e-file Refund Cycle Chart

Transmitted and accepted (by 11:00 am) between...	Direct Deposit Sent*	Paper Check Mailed*	Transmitted and accepted (by 11:00 am) between...	Direct Deposit Sent*	Paper Check Mailed*
Jan 11 and Jan 17 2008	Jan 25, 2008	Feb 1, 2008	May 29 and Jun 5 2008	Jun 13, 2008	Jun 20, 2008
Jan 17 and Jan 24 2008	Feb 1, 2008	Feb 8, 2008	Jun 5 and Jun 12 2008	Jun 20, 2008	Jun 27, 2008
Jan 24 and Jan 31 2008	Feb 8, 2008	Feb 15, 2008	Jun 12 and Jun 19 2008	Jun 27, 2008	Jul 4, 2008
Jan 31 and Feb 7 2008	Feb 15, 2008	Feb 22, 2008	Jun 19 and Jun 26 2008	Jul 4, 2008	Jul 11, 2008
Feb 7 and Feb 14 2008	Feb 22, 2008	Feb 29, 2008	Jun 26 and Jul 3 2008	Jul 11, 2008	Jul 18, 2008
Feb 14 and Feb 21 2008	Feb 29, 2008	Mar 7, 2008	Jul 3 and Jul 10 2008	Jul 18, 2008	Jul 25, 2008
Feb 21 and Feb 28 2008	Mar 7, 2008	Mar 14, 2008	Jul 10 and Jul 17 2008	Jul 25, 2008	Aug 1, 2008
Feb 28 and Mar 6 2008	Mar 14, 2008	Mar 21, 2008	Jul 17 and Jul 24 2008	Aug 1, 2008	Aug 8, 2008
Mar 6 and Mar 13 2008	Mar 21, 2008	Mar 28, 2008	Jul 24 and Jul 31 2008	Aug 8, 2008	Aug 15, 2008
Mar 13 and Mar 20 2008	Mar 28, 2008	Apr 4, 2008	Jul 31 and Aug 7 2008	Aug 15, 2008	Aug 22, 2008
Mar 20 and Mar 27 2008	Apr 4, 2008	Apr 11, 2008	Aug 7 and Aug 14 2008	Aug 22, 2008	Aug 29, 2008
Mar 27 and Apr 3 2008	Apr 11, 2008	Apr 18, 2008	Aug 14 and Aug 21 2008	Aug 29, 2008	Sep 5, 2008
Apr 3 and Apr 10 2008	Apr 18, 2008	Apr 25, 2008	Aug 21 and Aug 28 2008	Sep 5, 2008	Sep 12, 2008
Apr 10 and Apr 17 2008	Apr 25, 2008	May 2, 2008	Aug 28 and Sep 4 2008	Sep 12, 2008	Sep 19, 2008
Apr 17 and Apr 24 2008	May 2, 2008	May 9, 2008	Sep 4 and Sep 11 2008	Sep 19, 2008	Sep 26, 2008
Apr 24 and May 1 2008	May 9, 2008	May 16, 2008	Sep 11 and Sep 18 2008	Sep 26, 2008	Oct 3, 2008
May 1 and May 8 2008	May 16, 2008	May 23, 2008	Sep 18 and Sep 25 2008	Oct 3, 2008	Oct 10, 2008
May 8 and May 15 2008	May 23, 2008	May 30, 2008	Sep 25 and Oct 2 2008	Oct 10, 2008	Oct 17, 2008
May 15 and May 22 2008	May 30, 2008	May 30, 2008	Oct 2 and Oct 9 2008	Oct 17, 2008	Oct 24, 2008
May 22 and May 29 2008	Jun 6, 2008	Jun 13, 2008	Oct 9 and Oct 16 2008	Oct 24, 2008	Oct 31, 2008
			Oct 16 and Oct 23 2008	Oct 31, 2008	Nov 7, 2008

Refund Inquiries

Taxpayers should wait at least three weeks from the time the electronic return data is acknowledged as accepted by the IRS before checking the status of a refund. To check the status of a refund, call TeleTax at 1-800-829-4477 (toll free) or go to www.irs.gov and click on "Where's My Refund."

* The IRS does not guarantee a specific date that a refund will be deposited into a taxpayer's financial institution account or mailed.



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Frequent Taxpayer Inquiries

Taxpayers normally ask questions during the interview process about the topics covered in this section. Visit www.irs.gov-keyword: 1040 Central or see Publication 17 for additional topics and information.

Peel-Off Label

Taxpayers who e-file their return are normally removed from the IRS tax return package mailing list. If the taxpayer did not receive a tax return package and a paper return is filed, print or type their name and address in the space provided.

Installment Payment

Publication 594, The IRS Collection Process, explains taxpayers' rights and responsibilities regarding payment of federal taxes.

Copies of Prior-Years' Returns

Taxpayers should complete Form 4506, Request for Copy or Transcript of Tax Form, and mail it, with the required fee, to the IRS campus where the return was filed.

A transcript of a prior-year return may be obtained, also using Form 4506. There is no charge for the transcript which shows most line items from the original return, including accompanying forms and schedules.

Amended Returns

Form 1040X, Amended U.S. Individual Income Tax Return should be used by taxpayer to amend their return. Many mistakes are corrected in processing by the IRS and a letter of explanation is mailed at the time an error is identified or when a refund is issued. In these cases, taxpayers are not required to file an Amended Return as the corrections have already been made.

Amended returns are not in the scope of this program.

Taxpayer Address Changes

Taxpayers should use Form 8822, Change of Address, to notify the IRS of any change of address. If taxpayers move after filing the return and before a refund is received, they should notify their old post office and the IRS of their new address.

Recordkeeping

Taxpayers should keep their tax documents until the statute of limitations runs out for the return. Usually, this is three years from the date the return was due or filed, or two years from the date the tax was paid, whichever is later. Refer taxpayers to Publication 552, Recordkeeping for Individuals or at www.irs.gov – keyword: Recordkeeping.

FREE Tax Preparation Locations

Consult your site coordinator for information about the location of other VITA/TCE sites in your area. Taxpayers may call 1-800-829-1040 or visit AARP's website at www.aarp.org/taxaide or call 1-888-227-7669 for this information.

Problems Navigating the IRS

Taxpayers may contact the Taxpayer Advocate if their attempts to deal with an IRS problem are unsuccessful.

Taxpayers can visit www.irs.gov/advocate or see Publication 1546, for details on what the Taxpayer Advocate Service provides. Also suggest Publication 910, Guide to Free Tax Services.

Refund Information

Taxpayers should be directed to www.irs.gov to obtain information about their refund. Specific information is available by clicking on "Where's My Refund?"

Innocent Spouse Relief

Taxpayers who file a joint tax return are jointly and individually responsible for the tax and any interest or penalty due on the joint return even if they later divorce. In some cases, a spouse (or former spouse) will be relieved of the tax, interest, and penalties on a joint tax return. Spousal relief is granted in certain situations when a taxpayer can prove he/she is not liable for amounts due in joint filing situations.

Taxpayers should see Publication 971, Innocent Spouse Relief which explains the types of relief, who may qualify for them, and how to get them. Married persons who did not file joint returns, but who live in community property states, may also qualify for relief.

Injured Spouse Relief

An injured spouse claim is different from an innocent spouse relief request. An injured spouse claim requests the division of tax overpayment attributed to each spouse. The injured spouse must file Form 8379, Injured Spouse Claim and Allocation, to request his or her portion of the joint refund. The injured spouse must have made payments such as Federal income tax withheld from wages or estimated tax payments, unless EITC or another refundable credit was claimed on the joint return.

Married Filing Separately Advantages

Unless required to file separately, married taxpayers may want their tax figured on a joint return and on separate returns, to make sure they are receiving the most advantageous filing status. Generally, however married taxpayers pay more combined tax on separate returns than they would on a joint return. See Publication 17, Filing Status for Special Rules.

Contact Information for Volunteers

TaxWise

TaxWise Volunteer Support	1-800-411-6391 (do not give to the public)
TaxWise Toll-Free Transmission	1-800-829-5945
TaxWise via E-Mail	customer.support@taxwise.com
TaxWise Website	www.taxwise.com

Internal Revenue Service

VITA/TCE Hotline (for volunteer use only)	1-800-829-8482 (800-TAX-VITA)
IRS e-file Help Desk	1-866-255-0654
Foreign Student/Scholar Issues or to e-mail a question	1-800-829-1040 www.irs.gov/taxlaw- select Alien issues
IRS SPEC Territory Office	_____
Enterprise Service Desk (Help Desk)	1-866-7HELP4U (1-866-743-5748)

State Department of Revenue

State Volunteer Hotline	_____
State e-file Help Desk	_____
State General Information	_____
State Tax Forms Distribution Center	_____
State Website	_____
Partner Point of Contact	_____

Contact Information for Taxpayers

IRS Tax-Help	1-800-829-1040
IRS Refund Hotline	1-800-829-1954
Where's My Refund Website	www.irs.gov
IRS Forms and Publications	1-800-829-3676
IRS Taxpayer Advocate	1-877-777-4778
IRS Tax-Help for Deaf (TDD)	1-800-829-4059
Social Security Administration	1-800-772-1213