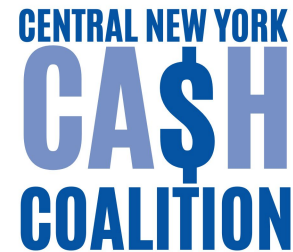


2024 Tax Season

Advanced Tax Preparation Training



Overview:

- What to expect as a tax prep volunteer
- What to expect on your Advanced certification
- Important topics in tax prep
- Topics relevant for the Advanced certification

Reminder:

- You can not take the Advanced certification until you have completed and passed the Standards of Conduct, Intake/Interview and Quality Review, and Basic certifications.
- The Advanced certification will not appear until they are complete.

What to expect as a tax prep volunteer:

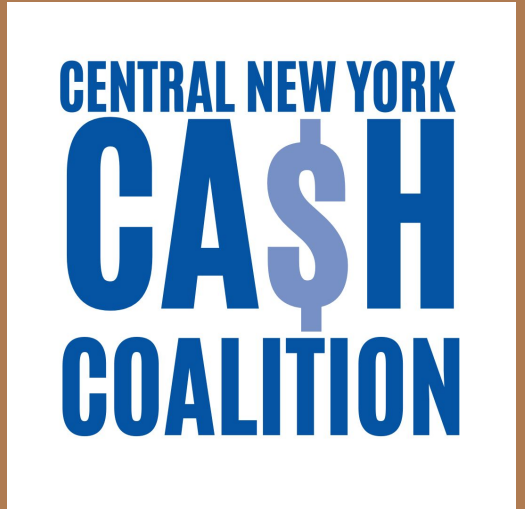
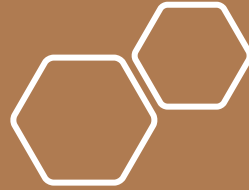
- Legal protections for volunteers
- You never have to prepare alone
- Your safety is our top priority!
- The Advanced test – more challenging than what you will typically see at the site

What we need from you:

- All VITA Sites
 - Provide proof of passing your various certifications levels, Form 13615
 - Tax Alert Binder
 - Review binder each visit to see if there are any new tax updates and laws
 - Sign-off that you read the alert
- At PEACE, Inc.
 - At least 10 tax returns for the community
 - Your return and your families' return do not count
 - Volunteer sign-in and out
 - Credit for in-kind hours
 - Community investment

What to expect on your advanced certification:

- Link and Learn website:
 - [Link Learn Taxes Certification](https://linklearntaxescertification.com) (linklearntaxescertification.com)
- Two attempts to pass, must have 24/30 questions correct
- Complete Volunteer Standards of Conduct, Intake/Quality Review & Basic Certification
- Open Advanced Test
 - Some initial Advanced questions that don't include a full practice return
 - A few scenarios follow that do require you to complete a return based on provided scenarios
- Open the "Practice Lab" to enter information from practice scenarios



Advanced Exam: Initial Questions

[IRS Publication 4012](#), VITA/TCE Volunteer Resource Guide
[IRS Form 1040](#), US Individual Income Tax Return

Advanced Scenario 1

Important Topics for Test Questions: Lydia Roadway

- **Filing Status**
 - 4012 Section B pages 12-14
- **Earned Income**
 - 4012 Section I page 4
- **Income**
 - 4012 Section D page 65

Advanced Scenario 2

Important Topics for Test Questions: Scott and Barbara Gyms

- **Child Tax Credit**
 - 4012 Section G pages 4 & 5
- **Child Care**
 - 4012 Section G pages 12- 14

Advanced Scenario 3

Important Topics for Test Questions: Rose Jones

- **HSA**
 - 4012 Section E page 10- 14
- **Extra Contributions**
 - 4012 Section E page 12
- **Medical Expenses**
 - Section E page 14

Advanced Scenario 4

Important Topics for Test Questions:

Carmen Gomez

- **Qualifying Dependent**
 - 4012 Section C page 4- 8
- **Deductions**
 - 4012 Section F page 5

Advanced Scenario 5

Important Topics for Test Questions: Helen White

- **Deductions**
 - Section F pages 12 - 13
- **Deductions**
 - 4012 Section F page 15

Advanced Scenario 6

Important Topics for Test Questions:

Mike Cooper

- **Education Credits**
 - 4012 Section J page 8
- **Earned Income**
 - 4012 Section I page 7

Advanced Scenario 7

Important Topics for Test Scenarios: Matthew and Rebecca Monroe

- **Simplified Method**
 - 4012 Section D pages 46 - 47
 - Practice Lab 1040 line 5
- **Social Security Benefits**
 - Practice Lab 1040 Line 6
- **Reported Other Income**
 - Practice Lab 1040 Line 8
- **Educator Expenses**
 - 4012 Section E page 3
 - Practice Lab 1040 Line 10

Advance Scenario 7 cont.

- **Standard Deduction**
 - Practice Lab 1040 line 12
- **Qualifying Education Expenses**
 - 4012 Section J pages 3 and 6
- **Other Dependent**
 - 4012 Section A page 4
- **Federal Tax Withholding**
 - Practice Lab 1040 Line 25 A-D

Advanced Scenario 8

Important Topics for Test Scenarios:

Julia Oakley

- **Capital Gains/Losses**
 - practice Lab 1040 line 7
 - *Please use 4012 Section D pages 32 - 37 to complete
- **Business Expenses**
 - 4012 Section D pages 26 - 31
- **Student Loan Interest Deduction**
 - Practice Lab 1040 pages 4 Line 21
- **Mileage Deduction**
 - 4012 Section D pages 30 - 31

Advanced Scenario 8 cont.

- **Lifetime Learning Credit**

- Practice Lab 1040 page 7 line 3

- **IRA additional Tax**

- Practice Lab 1040 Schedule 2 Part 2 Line 8

**In order to get the following answer please refer to 4012 section H page 6
(Hint: In order to get answer, Form 5329 must be completed.)*

- **Balance Due**

- 4012 Section K pages 26 - 28

Advanced Scenario 9

Important Topics for Test Scenarios:

David MacLee

- **Filing Status**
 - 4012 Section B page 12
- **Adjusted Gross Income(AGI)**
 - Practice Lab 1040 line 11
- **Credits**
 - 4012 Section A page 4
- **Retirement Savings Contribution**
 - Practice Lab 1040 Schedule 3 Part 1 Line 4
- **Premium Tax Credit**
 - Practice Lab 1040 Schedule 3 Line 9
- **Form 2241**
 - Practice Lab 1040 Schedule 3 Part 1 Line 2

DO NOT Stress!

- The IRS designs the Questions and Scenarios for the Practice Labs to be challenging.
- Most of the Advanced returns won't be as complicated as the Advanced certification scenario.
- Please don't get stressed we are here to help

Returning Tax Preparers

Tax Season – 2024 (updated: 1/1/24 will continue to update)

Income tax brackets shifted a bit: There are still seven tax rates, but the income ranges (tax brackets) for each rate have shifted slightly to account for inflation. For 2023, the following rates and income ranges apply:

- 10% Tax rate \$0 to \$11,000 (SF) (\$0 to \$22,000 MFJ & QW*)
- 12% Tax rate \$11,001 to \$41,725 (SF) (\$20,001 to \$89,450 MFJ & QW*)
- 22% Tax rate \$44,726 to \$95,375 (SF) (\$89,451 to \$190,750 MFJ & QW*)
- 24% Tax rate \$95,376 to \$182,100 (SF) (\$190,751 to \$364,200 MFJ & QW*)
- 32% Tax rate \$182,101 to \$231,250 (SF) (\$364,201 to \$462,500 MFJ & QW*)
- 35% Tax rate \$231,251 to \$578,125 (SF) (\$462,501 to \$693,750 MFJ & QW*)
- 37% Tax rate \$578,126 or more (SF) (\$693,751 or more MFJ & QW*)

**Single filers (SF), Married couples filing jointly (MFJ) & qualifying widows or widowers (QW)*

Standard deduction: for married couples filing jointly for tax year 2024 rises to \$29,200, an increase of \$1,500 from tax year 2023. For single taxpayers and married individuals filing separately, the standard deduction rises to \$14,600 for 2024, an increase of \$750 from 2023; and for heads of households, the standard deduction will be \$21,900 for tax year 2024, an increase of \$1,100 from the amount for tax year 2023.

Itemized deductions haven't changed much for 2023, but they're still worth pointing out.

- **State and local taxes:** The deduction for state and local income taxes, property taxes, and real estate taxes is capped at \$10,000.
- **Mortgage interest deduction:** The mortgage interest deduction is limited to \$750,000 of indebtedness. But people who had \$1,000,000 of home mortgage debt before December 16, 2017, will still be able to deduct the interest on that loan.
- **Medical expenses:** Only medical expenses that exceed 7.5% of adjusted gross income (AGI) can be deducted in 2023.
- **Charitable donations:** In 2023, the annual income tax deduction limits for gifts to public charities are 30% of AGI for contributions of non-cash assets—if held for more than one year—and 60% of AGI for contributions of cash. If you give both can and non-cash assets, the overall limit is generally 50% of AGI.
- **Miscellaneous deductions:** No miscellaneous itemized deductions are allowed.

Returning Tax Preparers

Tax Season – 2024 (updated: 1/1/24 will continue to update)

IRA and 401(k) limits are slightly higher: The traditional IRA and Roth contribution limits in 2023 increased slightly from 2022. Individuals can contribute up to \$6,500 to an IRA, and those age 50 and older also qualify to make an additional \$1,000 catch-up contribution. In addition, the 2023 contribution limits for tax-deferred 401(k)s and Roth 401(k)s have increased to \$22,500. If you're age 50 or older, you qualify to make an additional \$7,500 catch-up contribution for this tax year as well.

Estate tax exemption is even higher:

The estate and gift tax exemption, which is indexed to inflation, rose to \$12,920,000 for 2023. But the now-higher exemption is set to expire at the end of 2025 unless Congress takes action. The annual gift exclusion, which allows you to give money to your loved ones each year without incurring any tax liability or using up any of your lifetime estate and gift tax exemption, increases to \$17,000 per recipient (up \$1,000 from 2022).

Child Tax Credit: In 2023, the Child Tax Credit is \$2,000 per child under age 17. The credit is also subject to a phase-out starting at \$400,000 for joint filers and \$200,000 for single filers. For other qualified dependents, you can claim a \$500 credit.

Earned Income Tax Credit amount is \$7,830 for qualifying taxpayers who have three or more qualifying children, an increase of from \$7,430 for tax year 2023. The revenue procedure contains a table providing maximum EITC amount for other categories, income thresholds and phase-outs.

Higher savings in your health savings account (HSA)

For 2023, the maximum you can contribute to an HSA is \$3,850 for an individual (up \$50 from 2021) and \$7,750 for a family (up \$100). People 55 and older can contribute an extra \$1,000 catch-up contribution. To be eligible for an HSA, you must be enrolled in a high-deductible health plan (which usually has lower premiums as well).

Returning Tax Preparers

*Tax Season – 2024 (updated: 1/1/24 **will continue to update**)*

Don't get caught off guard:

Your first [required minimum distribution](#) (RMD) must be taken by 4/1 of the year after you turn 73. Subsequent RMDs must be taken by 12/31 of each year. If you don't take your RMD, you'll have to pay a penalty of 25% penalty on any undistributed funds. Follow the IRS guidelines and consult your tax advisor.

Electric Vehicles: Not a credit we will see a lot with our income levels. There are many rules depending on when possession of the car took place. If we come across this, we will work it out together.

Upcoming: **Transportation fringe benefit** for tax year 2024, the monthly limitation for the qualified transportation fringe benefit and the monthly limitation for qualified parking increases to \$315, an increase of \$15 from the limit for 2023.

New York State: *Waiting on updates to be released*

Child Tax Credit age change: We heard that NYS will match the Federal qualifying age of under age 17 at the end of the tax year. (In 2022, qualifying age for NYS was under the age of 17 but the child had to be at least 4 years of age.)



Practice Scenarios

Link Learn Taxes
Certification

linklearntaxescertification.com

Please ask questions as we go

Practice Labs

- Can be found on the PEACE, Inc. website, www.peace-caa.org/taxes
 - Volunteer descriptions
 - Volunteer application
 - Training schedule
 - Training materials
 - IRS workbooks and publications
- Each training session we will review one
 - Advance Practice Lab D ()
 - Advance Practice Lab E ()
 - Advance Practice Lab F ()

Chart A – For Most People Who Must File



If you may be claimed as a dependent by another taxpayer, you must file as a dependent whether you are being claimed or not. See Chart B.

If your filing status is...	AND at the end of 2023 you were... ¹	THEN file a return if your gross income was at least... ²
Single	under 65	\$13,850
	65 or older	\$15,700
Married filing jointly ³	under 65 (both spouses)	\$27,700
	65 or older (one spouse)	\$29,200
	65 or older (both spouses)	\$30,700
Married filing separately (see the Instructions for Form 1040)	any age	\$5
Head of household (see the Instructions for Form 1040)	under 65	\$20,800
	65 or older	\$22,650
Qualifying Surviving Spouse (see the Instructions for Form 1040)	under 65	\$27,700
	65 or older	\$29,200

¹If you were born on January 1, 1959 you are considered to be age 65 at the end of 2023. (If your spouse died in 2023 or if you are preparing a return for someone who died in 2023, see Publication 501).

²Gross income means all income you received in the form of money, goods, property, and services that isn't exempt from tax, including any income from sources outside the United States or from the sale of your main home (even if you can exclude part or all of it).

- Do not include any Social Security benefits unless
 - you are married filing a separate return and you lived with your spouse at any time in 2023 or
 - one-half of your Social Security benefits plus your other gross income and any tax-exempt interest is more than \$25,000 (\$32,000 if married filing jointly).

If either situation applies, see the Form 1040 Instructions to figure the taxable part of Social Security benefits you must include in gross income.

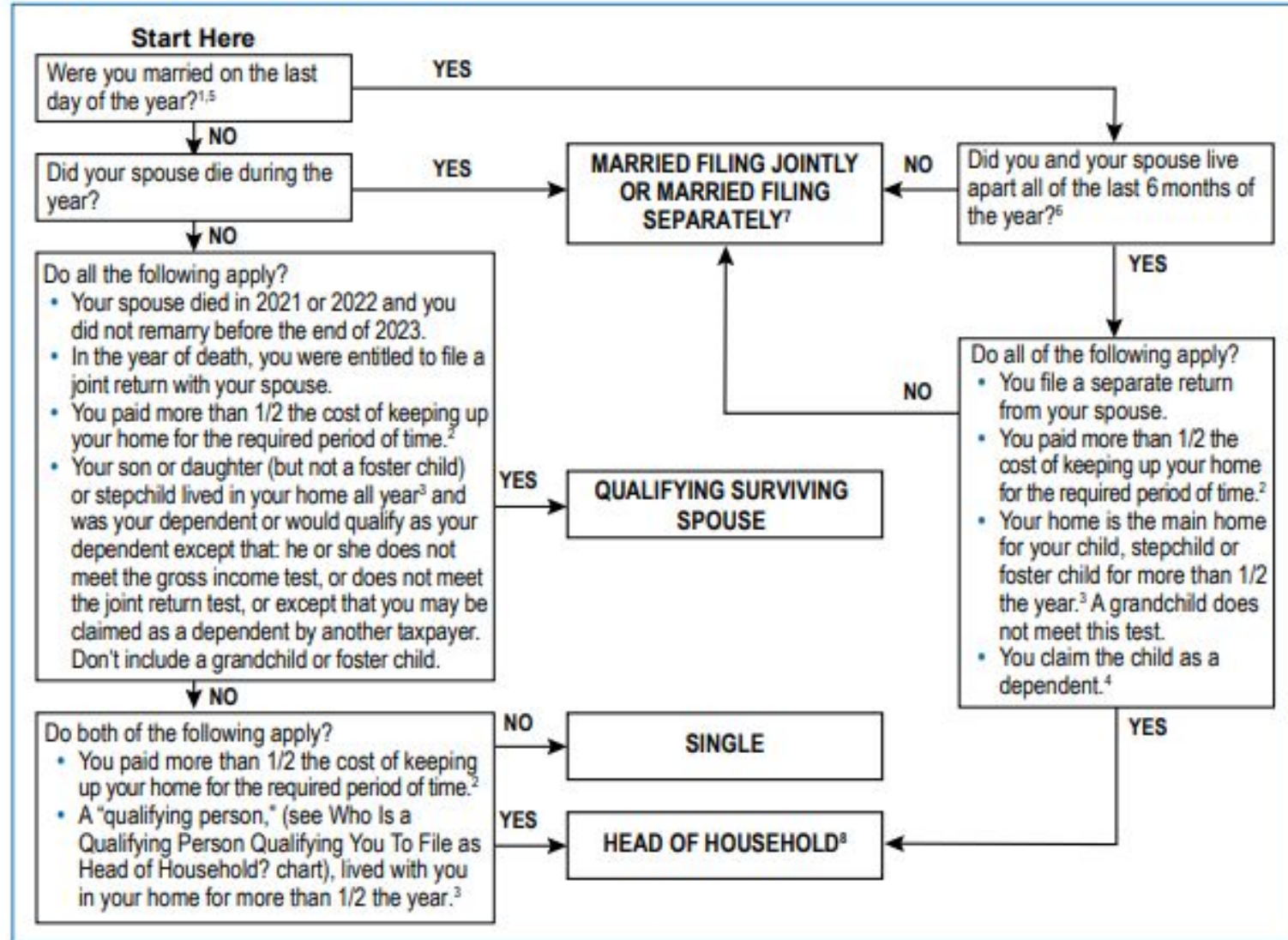
- Gross income includes gains, but not losses, reported on Form 8949 or Schedule D.
- Gross income from a business means, for example, the amount on Schedule C, line 7, or Schedule F, line 9.

But, in figuring gross income, don't reduce your income by any losses, including any loss on Schedule C, line 7, or Schedule F, line 9.

³If you didn't live with your spouse at the end of 2023 (or on the date your spouse died) and your gross income was at least \$5, you must file a return regardless of your age.

Determination of Filing Status – Decision Tree

See TaxSlayer entries later in this tab.



What Qualifies a taxpayer to be Head of Household

- A single individual with dependents under the age of 17. There is an exception to this rule if the dependent is a full time student in a College or University, disabled, or you support them more than 50%.
- Can claim a relative as long as they meet the requirements of head of household.
- A married couple who has been living together during the current tax year does not qualify as head of household even if they are filing separately. They must use either filing jointly or married filing separately.
 - There is an exception for married taxpayers to qualify for head of household without being legally separated or divorced. The spouse must not have lived in the household for 6 months of the year and have qualifying dependents. Example would be the spouse has been incarcerated for three years. This law was changed last year for the 2020 tax year.
- If there is no qualifying dependents the taxpayer cannot claim Head of Household.

Table 1: All Dependents

Begin with this table to determine both Qualifying Child and Qualifying Relative dependents.

Step	Probe/Ask the taxpayer:	Action
1	Can you or your spouse (if filing jointly) be claimed as a dependent on another taxpayer's tax return this year? ⁵	If YES : If you can be claimed as a dependent by another taxpayer, you may not claim anyone else as your dependent. If NO : Go to Step 2
2	Was the person married as of December 31 of the tax year?	If YES : Go to Step 3 If NO : Go to Step 4
3	Is the person filing a joint return for this tax year? <i>(Answer "NO" if the person is filing a joint return only to claim a refund of income tax withheld or estimated tax paid.)</i>	If YES : You can't claim this person as a dependent. If NO : Go to Step 4
4	Was the person a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico? <i>(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 all year.)</i>	If YES : Go to Step 5 If NO : You can't claim this person as a dependent.
5	Was the person your son, daughter, stepchild, eligible foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them (i.e., your grandchild, niece, or nephew)? ⁴	If YES : Go to Step 6 If NO : This person isn't your qualifying child. Go to Table 2: Qualifying Relative Dependents
6	Was the person: • under age 19 at the end of the year and younger than you <i>(or your spouse, if filing jointly)</i> OR • under age 24 at the end of the year, a full-time student (see definition in the glossary) and younger than you <i>(or your spouse, if filing jointly)</i> OR • any age if permanently and totally disabled ¹ at any time during the year?	If YES : Go to Step 7 If NO : This person isn't your qualifying child. Go to Table 2: Qualifying Relative Dependents
7	Did the person live with you as a member of your household, except for temporary absences ² , for more than half the year? <i>(Answer "YES" if the child was born or died during the year.)</i>	If YES : Go to Step 8 (Use Table 3 to see if the dependency for children of divorced or separated parents or parents who live apart applies.) If NO : This person isn't your qualifying child. Go to Table 2: Qualifying Relative Dependents
8	Did the person provide more than half of his or her own support ³ for the year?	If YES : You can't claim this person as a dependent If NO : Go to Step 9
9	Is the person a qualifying child of any other taxpayer?	If YES : Go to the chart: Qualifying Child of More Than One Person If NO : You can claim this person as a qualifying child dependent

Footnotes

¹A person is permanently and totally disabled if he or she can't engage in any substantial gainful activity because of a physical or mental condition, AND a doctor determines the condition has lasted or can be expected to last continuously for at least a year or can lead to death.


²A child is considered to have lived with you during periods of time when one of you, or both, are temporarily absent due to illness, education, business, vacation, military service, institutionalized care for a child who is permanently and totally disabled, or incarceration. In most cases a child of divorced or separated parents is the qualifying child of the custodial parent. See Table 3: Children of Divorced or Separated Parents or Parents Who Live Apart to see if an exception applies. There is an exception for kidnapped children. See Publication 17.

³A worksheet for determining support is included later in this tab. If a child receives Social Security benefits and uses them toward his or her own support, those benefits are considered as provided by the child. Benefits provided by the state to a needy person (welfare, food stamps, housing, SSI) are generally considered support provided by the state.

⁴An adopted child is treated the same as a natural child for the purposes of determining whether a person is related to you in any of these ways. For example, an adopted brother or sister is your brother or sister. An adopted child includes a child who was lawfully placed with a person for legal adoption.

⁵An individual is not a dependent of a person if that person is not required to file an income tax return and either does not file an income tax return or files an income tax return solely to claim a refund of estimated or withheld taxes.

Chart B – For Children and Other Dependents

 If your parent (or any other taxpayer) **may** 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. It also includes unemployment compensation, taxable Social Security benefits, pensions, annuities, and distributions of unearned income from a trust. **Earned income** includes salaries, wages, tips, professional fees, and taxable scholarship and fellowship grants. **Gross income** is the total of your unearned and earned income.

Single Dependents	
Either 65 or over or blind	You must file a return if any of the following apply. <ol style="list-style-type: none"> Your unearned income was over \$3,100 (\$4,950 if 65 or older and blind). Your earned income was over \$15,700 (\$17,550 if 65 or older and blind). Your gross income was more than the larger of — <ol style="list-style-type: none"> \$3,100 (\$4,950 if 65 or older and blind) or Your earned income (up to \$13,450 plus \$2,250 (\$4,100 if 65 or older and blind)).
Under 65 and not blind	You must file a return if any of the following apply. <ol style="list-style-type: none"> Your unearned income was over \$1,250. Your earned income was over \$13,850 Your gross income was more than the larger of — <ol style="list-style-type: none"> \$1,250, or Your earned income (up to \$13,450 plus \$400).

Married Dependents	
Either age 65 or older or blind	You must file a return if any of the following apply. <ol style="list-style-type: none"> Your unearned income was over \$2,750 (\$4,250 if 65 or older and blind). Your earned income was over \$15,350 (\$16,850 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 — <ol style="list-style-type: none"> \$2,750 (\$4,250 if 65 or older and blind), or Your earned income (up to \$13,450 plus \$1,900 (\$3,400 if 65 or older and blind)).
Under age 65 and not blind	You must file a return if any of the following apply. <ol style="list-style-type: none"> Your unearned income was over \$1,250. Your earned income was over \$13,850. 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 — <ol style="list-style-type: none"> \$1,250, or Your earned income (up to \$13,450 plus \$400).

Form 8615, Tax for Certain Children Who Have Unearned Income (Kiddie Tax)

Children under age 18 and certain older children who are required to file a tax return and have unearned income over \$2,500 must file **Form 8615**. For this purpose, "unearned income" includes all taxable income other than earned income, such as taxable interest, ordinary dividends, capital gains, rents, royalties, etc. It also includes taxable Social Security benefits, pension and annuity income, taxable scholarship and fellowship grants not reported on **Form W-2**, Wage and Tax Statement, unemployment compensation, alimony (if taxable), and income received as the beneficiary of a trust. Form 8615 is in scope for Native Americans receiving per capita payments and Alaska residents receiving permanent fund dividends. For all other purposes, Form 8615 remains Out of Scope. To determine if Form 8615 must be filed, see the page titled Form 8615, Tax for Certain Children Who Have Unearned Income (Kiddie Tax) in Tab H, Other Taxes, Payments, and Refundable Credits. A child filing Form 8615 does not make the parent's return out of scope.

 Taxable scholarships and fellowship grants are considered as earned income for the purpose of determining if a dependent must file a tax return and for calculating the standard deduction for dependents. Taxable scholarships and fellowship grants not reported on Form W-2 are considered to be unearned income for the purpose of calculating kiddie tax.

What's next?

- Practice
 - Additional practice labs are located on the [website](https://peace-caa.org/training-materials/Practice%20labs), [peace-caa.org/training-materials/Practice labs](https://peace-caa.org/training-materials/Practice%20labs)
 - Run through yourself
 - Join us for other training sessions, schedule on website
 - Training Schedule, peace-caa.org/programs/taxes/taxes-training/
 - Review videos from the past training on YouTube,
 - Located on the training/materials pages listed above
 - Visit our site and work on them here
- Take your certifications
 - Standards of conduct
 - Intake/Interview and Quality Review
 - Basic Certification
 - Advanced Certification
- Contact the VITA site where you plan to volunteer
 - Schedule your days/hours
 - Get specifics for that location

Thank you!