



# 2026 Basic Tax Preparation Training

(2025 tax returns)



# Eligibility for the 2026 Tax Season

## Volunteer Income Tax Assistance Preparation:

- **Total household** Income lower than \$69,000
- Priority to those living in Onondaga County
- Not in Onondaga County?

[Use the IRS VITA Site Locator](https://irs.treasury.gov/freetaxprep/)

or

<https://irs.treasury.gov/freetaxprep/>

**MY  
FREE  
TAXES**

Self-prepare  
total income  
of \$89,000

# Certification Process for Basic Tax Prep:

- Have to pass 3 exams to be certified as a tax preparer
  - Standards of Conduct - 10 questions
    - Answers located on inside cover the the IRS Publication 6744
  - Intake & Interview/Quality Review - 10 questions
  - Basic Prep - 30 questions
    - Intake only complete questions except for 14 and 18
    - Multiple choice and fill in the blank
      - Exams are online, open book, and not timed
      - [Link Learn Taxes Certification](https://linklearncertification.com/) <https://linklearncertification.com/>
      - Open the “[Practice Lab](#)” for practice scenarios 7-9
        - Intake - you do not need to do practice labs
      - Suggest using the same username and password as Link Learn
        - Quick links on [Link Learn Taxes Certification](#)
          - Password: TRAINPROWEB

# What to expect as a tax prep volunteer:

- Due Diligence
- Legal protections for volunteers
- You never have to prepare alone
- Rewarding experience for clients and volunteers

# What we need from you:

- Provide proof of passing your various certifications levels, Form 13615
- At PEACE, Inc.
  - At least 20 public tax returns
    - Yours & your family doesn't count
  - Volunteer sign-in and out
    - Credit for in-kind hours
    - Community investment
  - 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



Updated 8-8-12

## Monthly Affidavit of Volunteer Services

Program Site: Free Tax Prep

VOLUNTEER INFORMATION		Check one of the following:	
Volunteer Name: _____		<input type="checkbox"/> NAC Member	
Address: _____		<input type="checkbox"/> Office Support	
City/State/Zip: _____		<input type="checkbox"/> Other/Professional	
<input type="checkbox"/> Low-Income		Profession: _____	Hourly Rate: \$ _____ per hour
Volunteer's Signature: _____		Description of Volunteer Work: _____	
Does volunteering make you feel more connected to your community? <input type="checkbox"/> Yes <input type="checkbox"/> No			

Week 1											
TIMESHEET					BREAKDOWN OF HOURS BY TYPE OF VOLUNTEER SERVICE						
Date MM/DD/YY	Time In	Time Out	Break	TOTAL	Council/NAC Meeting	Prog./Off. Support	Trans.	Special Prog.	Comm. Invol.	Food Serv.	Prof. or Other
Su											
M											
Tu											
W											
Th	1/1/26										
F	1/2/26										
Sa	1/3/26										

Week 2						
TIMESHEET					BREAKDOWN	
Date MM/DD/YY	Time In	Time Out	Break	TOTAL	Council/NAC Meeting	Prog./Off. Support
Su	1/4/26					
M	1/5/26					
Tu	1/6/26					
W	1/7/26					
Th	1/8/26					
F	1/9/26					
Sa	1/10/26					

Week 5											
TIMESHEET					BREAKDOWN OF HOURS BY TYPE OF VOLUNTEER SERVICE						
Date MM/DD/YY	Time In	Time Out	Break	TOTAL	Council/NAC Meeting	Prog./Off. Support	Trans.	Special Prog.	Comm. Invol.	Food Serv.	Prof. or Other
Su	1/25/26										
M	1/26/26										
Tu	1/27/26										
W	1/28/26										
Th	1/29/26										
F	1/30/26										
Sa	1/31/26										
MONTHLY TOTAL:											
Must =						Breakdown Total					

Supervisor's Signature: \_\_\_\_\_

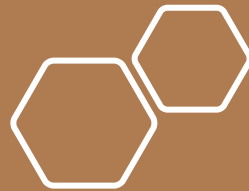
Date: \_\_\_\_\_

Position/Title: \_\_\_\_\_

Volunteer Hours for the Month of: \_\_\_\_\_

# DO NOT Stress!

- The IRS designs the Questions and Scenarios for the Practice Lab to be challenging.
- Most tax returns that you will encounter as a Basic preparer will be simple and less challenging than tests.
- Please don't get stressed we are here to help



# Basic Course: Scenarios and Test Questions

*IRS Publication 4012-VITA Volunteer Resource Guide  
will be your guide*



# Basic Scenario 1

## Important Topics for Test Questions: Fred Walker

- **Filing Status Tree:**
  - Section B-13
- **Standard Deduction for the blind:**
  - Section F-4(you must use to complete the chart to figure this out)

# Basic Scenario 2

## Important Topics for Test Questions:

### Alex & Mary Walsh

- **Earned Income Credit (EIC) Eligibility:**
  - Section I-5
- **Does Interest count as Earned Income?**
  - EIC Table: Section I-3

# Basic Scenario 3

## Important Topics for Test Questions: Luis & Ana Ramirez

- **Child Tax Credit:**
  - Section G-5
- **Additional Tax Credit:**
  - Section G-6

# Basic Scenario 4

## Important Topics for Test Questions:

### Gavin & Molly Dowd

- **Credit for Other Dependents:**
  - Section G-8
- **Summary of Earned Income Credit (EIC) eligibility requirements:**
  - Section G-4

# Basic Scenario 5

## Important Topics for Test Questions: Neil Ferguson

- **Summary of Earned Income Credit Eligibility Requirements:**
  - Section I-4 & I-5
- **Please refer to I-4 & I-5**
  - This will help you answer the questions

# Basic Scenario 6

## Important Topics for Test Questions:

### Scott Payne

- **Income Quick Reference Guide:**
  - Section D-3
- **Highlights of Education Tax Benefits:**
  - section J-7
- **Student Loan Interest Deduction:**
  - Section E-22

# Basic Scenario 7

## Important Topics for Test Scenarios:

### Craig & Sarah Knox *Use the practice lab to obtain answers*

- **1040-Deductions:**

- 1040- pg 2(Standard Deduction)
  - NOTE: Use what is on the online test for the amount given of the Standard deduction. Paper 6744 is different than online 6744 test.

- **4012-Education Benefits:**

- Section J pg 3
- 4010 page 2 Line 29 and On Schedule 3 Line Three(Hint add both together)

- **Children and Other Dependents:**

- Section A pg 4
- Section G pg 7
- 1040 pg 2 line 19

# Basic Scenario 7

## Important Topics for Test Scenarios:

### Craig & Sarah Knox

- **Federal Income Tax Withholding:**
  - 1040 pg 2 line 25 a-d
    - NOTE: The printed version of the 6744 omitted the \$260 from the 1099-DIV box 4. Leaving no correct answer. Include the \$260. The online version of the 6744 was updated.
- **Social Security Tax:**
  - 1040 Line 6 (Make sure you are using the taxable amount)
- **Which of the statements are true:**
  - 4012 Section D pg 15-25

*Hint if most of the answers are true then most likely they all are.*



# Basic Scenario 8

## Important Topics for Test Scenarios:

### Beth Tooney *Use the practice lab to obtain answers*

- **Disability Pension 1099-R:**
  - 4012- Section D pg 67
- **Filing Status:**
  - Section b pg 13-15
- **Qualifying Dependent- Earned Income Tax Credit:**
  - 4012- Section I pg 4(use Chart)
- **Claiming a Dependent:**
  - 4012-Section C pg 3
- **Balances Due:**
  - 4012 Section K pg 12

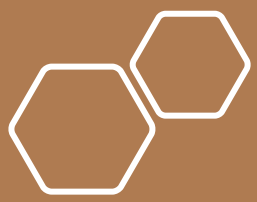

# Basic Scenario 9

## Important Topics for Test Scenarios:


### Gloria Cortez

*Use the practice lab to obtain answers*

- **Gambling Income:**
  - 4012 Section D page 3
- **Filing Status:**
  - 4012 Section B pg 13
- **Roth IRA and other Retirement Distribution:**
  - Section H page 6 (Form 5329)
- **Child Tax Credit & Child and Dependent Care Credit:**
  - Section G pgs 5 and 14-18
- **Refund Split:**
  - Section K pg 8
- **Educator Expenses:**
  - Section E pg 3 and E-10



# Basic Tax Law & Information



# Dependents

- What is a dependent?
  - Someone that you take care of
  - Provide more than half of the person's total financial support for the entire year
- What kinds of dependents are there?
  - Qualifying Children (child)
  - Qualifying Relatives (adults)
- Benefits of claiming dependents
  - Can be eligible for various tax credits
    - Child tax credit/Credit for Other Dependent
    - Earned income credit
    - Daycare credit
    - Education credit if dependent is going to college
  - Can be eligible for certain filing statuses

# How do we determine who is a dependent?

- Who is a qualifying dependent?
  - Next slides
  - Qualifying child
    - Go through each step to determine if person is a child dependent
    - Use this table first for ALL dependents
  - If person isn't child dependent, may be considered a relative dependent



### Tests To Be a Qualifying Child

1. The child must be your child, stepchild, foster child, sibling, half sibling, stepsibling, or a descendant of any of them. An adopted child is always treated as your own child. The term "adopted child" includes a child who was lawfully placed with you for legal adoption.
2. The child must be: (a) under age 19 at the end of the year and younger than you (or your spouse, if filing jointly), (b) under age 24 at the end of the year, a full-time student, and younger than you (or your spouse, if filing jointly), or (c) any age if permanently and totally disabled.
3. The child must have lived with you for more than half of the year.<sup>2</sup>
4. The child must not have provided more than half of his or her own support for the year.<sup>5</sup>
5. The child isn't filing a joint return for the year (unless that joint return is filed only to claim a refund of income tax withheld or estimated tax paid).
6. 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. See the "Qualifying Child of More Than One Person" chart.

### Tests To Be a Qualifying Relative

1. The person can't be your qualifying child or the qualifying child of any other taxpayer. A child isn't the qualifying child of any other taxpayer if the child's parent (or any other person for whom the child is defined as a qualifying child) isn't required to file an income tax return or files an income tax return only to get a refund of income tax withheld.
2. The person either (a) must be related to you in one of the ways listed under "Relatives who don't have to live with you" (see Table 2, step 2), or (b) must live with you all year as a member of your household<sup>2</sup> (and your relationship must not violate local law).
3. The person's gross income for the year must be less than \$5,200.<sup>3</sup> Gross income means all income the person received in the form of money, goods, property and services, that isn't exempt from tax. Don't include Social Security benefits unless the person is married filing a separate return and lived with their spouse at any time during the tax year or if 1/2 the Social Security benefits plus their other gross income and tax exempt interest is more than \$25,000 (\$32,000 if MFJ).
4. You must provide more than half of the person's total support for the year.<sup>4, 5</sup>



**Table 1: All Dependents**

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

Step	Probe/Ask the taxpayer:	Action
<b>1</b>	Can you or your spouse (if filing jointly) be claimed as a dependent on another taxpayer's tax return this year? <sup>5</sup>	If <b>YES</b> : If you can be claimed as a dependent by another taxpayer, you may not claim anyone else as your dependent. If <b>NO</b> : Go to Step 2.
<b>2</b>	Was the person married as of December 31 of the tax year?	If <b>YES</b> : Go to Step 3. If <b>NO</b> : Go to Step 4.
<b>3</b>	Is the person filing a joint return for this tax year? Answer <b>No</b> if the person is filing a joint return only to claim a refund of income tax withheld or estimated tax paid.	If <b>YES</b> : You can't claim this person as a dependent. If <b>NO</b> : Go to Step 4.
<b>4</b>	Was the person a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico? Answer <b>Yes</b> 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.	If <b>YES</b> : Go to Step 5. If <b>NO</b> : You can't claim this person as a dependent.
<b>5</b>	Was the person your child, stepchild, eligible foster child, sibling, half sibling, stepsibling, or a descendant of any of them (i.e., your grandchild, niece, or nephew)? <sup>4</sup>	If <b>YES</b> : Go to Step 6. If <b>NO</b> : This person isn't your qualifying child. Go to Table 2: Qualifying Relative Dependents.
<b>6</b>	Was the person: <ul style="list-style-type: none"> <li>• under age 19 at the end of the year and younger than you (or your spouse, if filing jointly) or</li> <li>• under age 24 at the end of the year, a full-time student (see definition in the glossary) and younger than you (or your spouse, if filing jointly) or</li> <li>• any age if permanently and totally disabled<sup>1</sup> at any time during the year?</li> </ul>	If <b>YES</b> : Go to Step 7. If <b>NO</b> : This person isn't your qualifying child. Go to Table 2: Qualifying Relative Dependents.
<b>7</b>	Did the person live with you as a member of your household, except for temporary absences <sup>2</sup> , for more than half the year? Answer <b>Yes</b> if the child was born or died during the year and lived with you for more than half the part of the year they were alive. A child lawfully placed with you for legal adoption or as an eligible foster child is considered to have lived with you for more than half the year if your main home was this person's main home for more than half the time since the child was adopted or placed with you in the year.	If <b>YES</b> : 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 <b>NO</b> : This person isn't your qualifying child. Go to Table 2: Qualifying Relative Dependents.
<b>8</b>	Did the person provide more than half of his or her own support <sup>3</sup> for the year?	If <b>YES</b> : You can't claim this person as a dependent. If <b>NO</b> : Go to Step 9.
<b>9</b>	Is the person a qualifying child of any other taxpayer?	If <b>YES</b> : Go to the chart: Qualifying Child of More Than One Person. If <b>NO</b> : You can claim this person as a qualifying child dependent.

## 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. Dependents who do not have a filing requirement based on this chart should also check Chart C, Other Situations When You Must File, and Chart D, Who Should File.

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.

1. Your unearned income was over \$3,350 (\$5,350 if 65 or older and blind).
2. Your earned income was over \$17,000 (\$19,000 if 65 or older and blind).
3. Your gross income was more than the larger of —
  - a. \$3,350 (\$5,350 if 65 or older and blind) or
  - b. Your earned income (up to \$14,550) plus \$2,450 (\$4,450 if 65 or older and blind)..

Under 65 and not blind

You must file a return if any of the following apply.

1. Your unearned income was over \$1,350.
2. Your earned income was over \$15,000.
3. Your gross income was more than the larger of —
  - a. \$1,350, or
  - b. Your earned income (up to \$14,550) plus \$450.

### Married Dependents

Either age 65 or older or blind

You must file a return if any of the following apply.

1. Your unearned income was over \$2,950 (\$4,500 if 65 or older and blind).
2. Your earned income was over \$16,600 (\$18,200 if 65 or older and blind).
3. Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
4. Your gross income was more than the larger of —
  - a. \$2,950 (\$4,500 if 65 or older and blind), or
  - b. Your earned income (up to \$14,550) plus \$2,050 (\$3,650 if 65 or older and blind).

Under age 65 and not blind

You must file a return if any of the following apply.

1. Your unearned income was over \$1,350.
2. Your earned income was over \$15,000.
3. Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
4. Your gross income was more than the larger of —
  - a. \$1,350, or
  - b. Your earned income (up to \$14,550) plus \$450.

## 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 \$2,700 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.



# Additional information on dependents

- A person being claimed as a dependent
  - May still have to file a tax return
  - Can't claim any adjustments or tax credits
  - Can't claim anyone as a dependent
  - Any education expenses paid are treated as being paid by the tax filer (usually parent)
- All of the above rules apply even if dependent isn't actually claimed on a tax return
  - Example: parents don't want to claim a child as a dependent, but as long as that child is ELIGIBLE to be claimed, he/she is still considered a dependent

# Divorced or Separated Parents

- The custodial parent (the one whom the child lived with the most during the year) is usually the one to claim the child as a dependent
- They can choose to let the noncustodial parent claim the child instead
  - They use Form 8332 to make that election
- The noncustodial parent normally only gets ONE benefit out of claiming the child
  - Child tax credit or Credit for Other Dependent
- All other tax credits/filing statuses the custodial parent can still use, even though they're not claiming the child

# Tie Breaker Rule for Dependents

- Only one person can claim one particular dependent
- It's possible more than one person qualifies to claim someone as a dependent, especially in multi-generation households
- In these cases, apply tie breaker rules

## Qualifying Child of More Than One Person

### Tiebreaker Rules

If the child meets the conditions to be the qualifying child of more than one person, only one person can claim the child as a qualifying child dependent for all tax benefits associated with an exemption unless the special rule for children of divorced or separated parents applies<sup>1</sup>.

- |                               |   |
|-------------------------------|---|
| • Credit for other dependents | • Earned Income Credit                              |
| • Child Tax Credit            | • Credit for Child and Dependent Care Expenses      |
| • Head of Household           | • Exclusion from income for Dependent Care Benefits |

# Filing Status

- What is filing status?
  - Basically your marital status, but with more details involved
- What does filing status affect?
  - Tax rate
  - Standard deduction amount (next slide)
  - Tax credits
- What filing status do I use?
  - Pub 4012 (tables shown on next few slides)
- If you qualify for more than one filing status
  - Use the one with the highest standard deduction

# 2025 Standard of Deduction

\*Incorrect in the 4012

- **Single:** \$15,750
- **Married Filing Jointly:** \$31,500
- **Married Filing Separately:** \$15,750
- **Head of Household:** \$23,625
- **Qualifying Widow(er):** \$31,500

## Additional Deductions for 2025

- **Seniors & Blind:** An extra \$2,000 for Single/HoH or \$1,600 for MFJ/MFS if you or your spouse are age 65+ or blind
- **One Big Beautiful Bill Act (OBBBA):** a new \$6,000 deduction (+\$12,000 for MFJ) for seniors 65+ (with MAGI limits) is available on top of the standard or itemized deductions

# Filing Status Categories:

- **Single**
  - Never married, divorced or **legally** separation occurred during year
- **Married Filing Jointly**
  - Legally married and want to file on one combined returned
  - Considered married for entire year no matter when you marry during year
  - Both spouses are liable for any money owed on tax return

# Filing Status Categories cont.

- **Married Filing Separately**

- Married but want to file separate returns
- Usually the worst filing status to choose!
  - Higher Tax rate
  - Lower standard deduction
  - Ineligible for most tax credits
- Why use this then?
  - Don't/can't see each other to file
  - Don't want to be liable for the other spouse's problems
- Injured Spouse (Advanced)
- Must have spouse's name, DOB, SSN in order to e-file

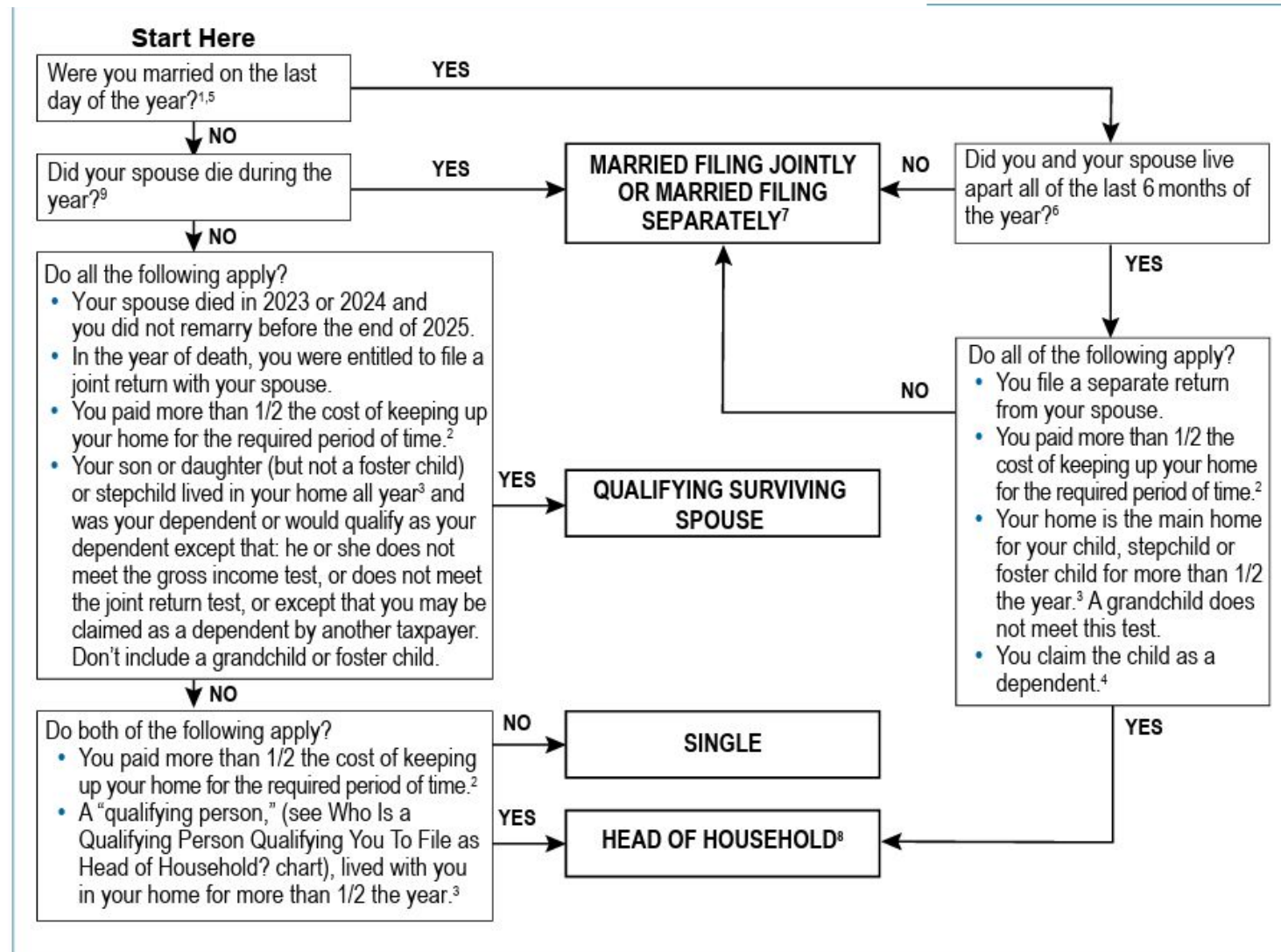
# Filing Status Categories cont.

- **Head of Household (HOH)**

- 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% that lived with you more than half the year
  - Not all dependents qualify
    - Basically, as long as dependent is related to you and lived with you, they will qualify you as HOH
    - A dependent who is not related to you won't qualify you for HOH
- Tip: determine whether someone is a dependent, then determine whether client qualifies for HOH
- 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 exceptions:
  - Spouse must not have lived in the household for 6 months of the year and have qualifying dependents.
  - Me, myself & I doesn't qualify someone as HOH



## Determination of Filing Status – Decision Tree



## Filing Status – Interview Tips

Step	Probe or Ask the taxpayer:	Action
1	Were you married on December 31 of the tax year? <sup>8</sup> You are considered unmarried if, on the last day of the year, you were <u>legally separated</u> from your spouse under a divorce or separate maintenance decree. State law governs whether you are married or legally separated under a divorce or separate maintenance decree. Individuals who have entered into a registered domestic partnership, civil union, or other similar relationship that is not called a marriage under state (or foreign) law are not considered married. A taxpayer is married regardless of where the spouse lives.	If YES, go to Step 2. If NO, go to Step 4.
2	Do you and your spouse wish to file a joint return? <sup>2</sup>	If YES, your filing status is <b>married filing jointly</b> . If NO, go to Step 3.
3	Do all the following apply? <ul style="list-style-type: none"> <li>You file a separate return from your spouse</li> <li>You paid more than half the cost of keeping up your home for the required period of time.<sup>1</sup></li> <li>Your spouse didn't live in your home during the last 6 months of the tax year<sup>3</sup></li> <li>Your home was the main home of your child, stepchild, or foster child for more than half the year (a grandchild doesn't meet this test). For rules applying to birth, death or temporary absence during the year, see Publication 17</li> <li>You claim an exemption for the child (unless the noncustodial parent claims the child under rules for divorced or separated parents or parents who live apart)</li> </ul>	If YES, STOP. You are considered unmarried and your filing status is <b>head of household</b> <sup>7</sup> . If NO, STOP. Your filing status is <b>married filing separately</b> <sup>6</sup> .
4	Did your spouse die in 2023 or 2024?	If YES, go to Step 5. If NO, go to Step 6.
5	Do all the following apply? <ul style="list-style-type: none"> <li>You were entitled to file a joint return with your spouse for the year your spouse died</li> <li>You didn't remarry before the end of this tax year</li> <li>You have a child or stepchild who lived with you all year, except for temporary absences or other limited exceptions, and who is your dependent or who would qualify as your dependent except that he or she does not meet the gross income test, does not meet the joint return test, or except that you may be claimed as a dependent by another taxpayer. Don't include a grandchild or foster child.</li> <li>You paid more than half the cost of keeping up the home for the required period of time.<sup>1</sup></li> </ul>	If YES, STOP. Your filing status is <b>qualifying surviving spouse</b> . If NO, go to Step 6.
6	Do both of the following apply? <ul style="list-style-type: none"> <li>You paid more than 1/2 the cost of keeping up your home for the required period of time.<sup>1</sup></li> <li>A "qualifying person," (see Who Is a Qualifying Person Qualifying You To File as Head of Household? chart on the next page), lived with you in your home for more than 1/2 the year. If the qualifying person is your dependent parent, your dependent parent doesn't have to live with you.<sup>4</sup></li> </ul>	YES – Head of Household <sup>7</sup> NO – Single

## Who Is a Qualifying Person Qualifying You To File as Head of Household?<sup>1</sup>

**Don't** use this chart alone. Use as directed by the interview tips on the previous page.

IF the person is your...	AND...	THEN that person is...
qualifying child (such as your child, or grandchild who lived with you more than half the year and meets certain other tests) <sup>2</sup>	the child is single	a qualifying person, whether or not the child meets the Citizen or Resident Test <sup>7</sup> .
	the child is married <i>and</i> you can claim the child as a dependent	a qualifying person.
	the child is married <i>and</i> you can't claim the child as a dependent	not a qualifying person <sup>3</sup> .
qualifying relative <sup>4</sup> who is your father or mother	you can claim your parent as a dependent <sup>5</sup>	a qualifying person <sup>6</sup> .
	you can't claim your parent as a dependent	not a qualifying person.
qualifying relative <sup>4</sup> other than your father or mother (such as a grandparent, or sibling who meets certain tests)	your relative lived with you more than half the year, and you can claim them as a dependent, and is one of the following: child, stepchild, foster child, or a descendant of any of them; sibling, half sibling or a child of any of them; an ancestor or sibling of your parent; or stepsibling, stepparent, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law <sup>5</sup>	a qualifying person.
	your relative didn't live with you more than half the year	not a qualifying person.
	your relative isn't related to you in one of the ways listed above <i>and</i> is your qualifying relative only because your relative lived with you all year as a member of your household (for example, a companion or a friend)	not a qualifying person.
	you can't claim your relative as a dependent	not a qualifying person.



# Filing Status Categories cont.

- **Qualifying Widower**

- Year of spouse's death you can still file jointly
- For the next 2 years after year of death, can use this if dependent **son or daughter** lived with you all year in a house you kept up
- Same tax rates and standard deduction as Married Filing Jointly

# Examples for filing status:

- Grandmother, daughter, and granddaughter live in the household. Both grandma and mom work. What are the various filing status that can be for this scenario?
- Tom and his 8 year-old lives with his girlfriend, Grace. Tom is disabled. No One else can claim his daughter. If Grace claims both Tom and his daughter, what filing status can she use?
- Judy and Bill are married with two children. One is in college and the other is under 17. Also residing with them are Bill's parents. They only receive Social Security benefits. What would be the filing status for Judy & Bill?
- George takes care of his adult disabled son. His disabled son receives, Social Security Disability Income (SSDI). What filing status can George file? Does his son need to file?

# How does the US Tax System work?

- Most income is taxable
  - Wages, pensions, bank interest, etc.
  - Rule of thumb: if it's income to you, it's probably taxable,
  - Certain types of income are tax free
- How do we pay the income tax?
  - Mostly through the “pay as you go” system

# Pay as you go:

- Pay the taxes on the money you make as soon as you get it (Wages, Pension, Social Security)
- Employer takes out (a.k.a “withholds”) taxes from your paychecks, gives to IRS and state
- How does your employer know how much you want withheld each paycheck?
  - Form W-4
  - You can use the IRS withholding calculator to help you
- What about income like pensions or social security?
  - Pension: form W-4P
  - SS Benefits: Form W-4V
- With some income you can't pay as you go
  - Self-employment income (Advanced return)
  - You can make estimated tax payments instead

## Earned Income Table

### Earned Income for EIC<sup>2</sup>

*You still have to report it*

Includes	Doesn't include
<ul style="list-style-type: none"> <li>• Taxable wages, salaries, tips, and third-party sick pay</li> <li>• Medicaid Waiver Payments<sup>3</sup></li> <li>• Union strike benefits</li> <li>• Taxable long-term disability benefits received prior to minimum retirement age</li> <li>• Net earnings from self-employment</li> <li>• Gross income of a statutory employee</li> <li>• Household employee income</li> <li>• Nontaxable combat pay election</li> <li>• Nonemployee compensation</li> <li>• The rental value of a home or a housing allowance provided to a minister as part of the minister's pay (Out of Scope)</li> <li>• Election/poll worker compensation</li> </ul>	<ul style="list-style-type: none"> <li>• Interest and dividends</li> <li>• Social Security, including SSI and SSDI, and railroad retirement benefits</li> <li>• Welfare benefits</li> <li>• Workfare payments</li> <li>• Pensions and annuities (except if disability pension and taxpayer is under minimum retirement age)</li> <li>• Veteran's benefits (including VA rehabilitation payments)</li> <li>• Workers' compensation benefits</li> <li>• Alimony</li> <li>• Child support</li> <li>• Nontaxable foster-care payments</li> <li>• Unemployment compensation</li> <li>• Taxable scholarship or fellowship grants that aren't reported on Form W-2</li> <li>• Earnings for work performed while an inmate at a penal institution or on work release<sup>1</sup></li> <li>• Salary deferrals (for example, under a 401(k) or 403(b) plan or the Federal Thrift Savings Plan)</li> <li>• The value of meals or lodging provided by an employer for the convenience of the employer</li> <li>• Disability Insurance payments resulting from premiums paid by the taxpayer</li> <li>• Excludable dependent care benefits (line 25 of Form 2441)</li> <li>• Salary reductions such as under a cafeteria plan</li> <li>• Excludable employer-provided educational assistance benefits (may be shown in box 14 of Form W-2)</li> </ul>



# Income: Wages (earned)

- Total wages, total withholding, other information
- Input into software exactly what's on a W-2
  - OBBB (new this year)
    - Reporting tip income on a W-2
      - Box 7 (Social Security Tips)
      - Box 14 other: may be reported here
    - Reporting overtime
      - Requesting the last pay stub of job with OT
      - Box 14 other: may be reported here
    - 1099 NEC/K/MISC (Self-employment) (Advanced)
      - examples: Daycare provider, Uber, Doordash, Lyft, Etsy, eBay, Spark, Turo

# Income: Bank Interest/Dividends (not earned)

- Interest reported on 1099 INT
  - Bank must send form if amount is \$10 or more
  - Not required to send form if under \$10
    - Still income that has to be reported
- Dividends reported on 1099 DIV
  - Taxation depends on how long stock was held
    - If stock was held for more than a certain period of time, they are qualified, and taxed at a lower rate
  - Two boxes most relevant for VITA purposes
    - Ordinary dividends: total dividends received
    - Qualified dividends: how much of the ordinary dividends received are considered qualified

# Income: Unemployment Compensation (not earned)

- Reported on 1099 G
  - Fully taxable
  - Taxpayers can have taxes taken out for both Federal and State

# Income: Pension (not earned)

- Reported on 1099 R
  - Box 7 code determines taxability
    - Code 7 means normal taxability
    - Code 1 means early distribution (WHY?)
    - Code 3 means retired on disability (more on this later)
  - Federal, New York State and Local pensions
    - Completely tax-free
    - Have to designate such a pension in software in State section - will show later
      - State Street is NOT New York State
    - NYS allows for certain exclusions for pension- will show later

# Income: Social Security Benefits (SSA & SSDI) (not earned)

- Reported on SSA 1099
  - Some clients will refer this as retirement
  - Completely tax-free if only source of income
  - More and more becomes taxable as other income is made (wages, pension, etc.), software handles calculation
  - Federal taxes can be withheld (tax-free in NY)

# Income: Gambling Winnings (not earned)

- Reported on W-2G
  - Have to report all gambling income, even if you don't receive a form
  - Gambling losses are **not** subtracted from winnings
  - Gambling losses can be taken as an itemized deduction (Advance topic) up to amount of winnings
    - Will not make a difference on Basic

# Expenses: Educator Expenses

- K through 12<sup>th</sup> grade teachers buying class supplies
- Have to work at least 900 hours during school year
- Up to \$300 per teacher

# Expenses: Student Loan Interest

- Reported on a 1098-E
- Interest paid on a student loan for yourself or a dependent (a dependent at the time loan was taken out)
- Must have been at least a half-time student when loan was taken out
- Up to \$2,500



# Tax Credits: Child Tax Credit (CTC)

- Claiming a dependent under a certain age: under age 17
- Credit is partially nonrefundable (CTC)/partially refundable
  - Non-Refundable portion is \$2,200 per child.
  - Refundable portion is up to \$1,700 per child (Additional CTC)
  - Software will take care of all calculations
- If dependent doesn't meet qualifications, like being under 17, can get Credit for Other Dependent instead, \$500 credit only

# Tax Credits: Other Dependent

- For each dependent claimed, you can only claim EITHER
  - Child tax credit
  - Credit for other dependents
  - Not both
- Credit for Other Dependents is used if the dependent doesn't meet the Child Tax Credit requirements or doesn't have an SSN (more on this later)
  - \$500 nonrefundable credit

# Tax Credits: Earned Income Tax Credit (EIC) cont.

- Refundable credit for low-income wage earners
- Based on Earned Income (slide shown later)
- Qualifications
  - Different qualifications apply depending on whether you're claiming a qualifying child or not (see chart on next slide)
    - If claiming a child dependent, age of client is NOT a qualification
    - If not claiming a child dependent, not eligible until age 25 and cuts off at age 65
    - If Married Filing Jointly, both spouses must have SSNs
- The more child dependents you have, the more credit you can get
  - Only qualifying children count, not qualifying relatives

## Summary of EIC Eligibility Requirements

Part A Rules for Everyone	Part B Rules If You Have a Qualifying Child	Part C Rules If You Don't Have a Qualifying Child	Part D Earned Income and AGI Limitations
Taxpayers & qualifying children must all have SSN that is valid for employment by the due date of the return (including extensions). <sup>1</sup>	Child must meet the relationship, age, residency test and joint return tests but not the support test. The child doesn't have to be your dependent. <sup>2</sup>	Must be at least age 25 but under age 65 as of December 31. <sup>3</sup>	You must have earned income to qualify for this credit. Your earned income and AGI must be less than: <ul style="list-style-type: none"><li>• \$61,555 (\$68,675 if Married Filing Jointly) with three or more qualifying children</li><li>• \$57,310 (\$64,430 if Married Filing Jointly) with two qualifying children</li><li>• \$50,434 (\$57,554 if Married Filing Jointly) with one qualifying child</li><li>• \$19,104 (\$26,214 if Married Filing Jointly) with no qualifying child</li></ul>
You must meet certain requirements if you are separated from your spouse and not filing a joint return. <sup>4</sup>	Qualifying child can't be used by more than one person to claim the EIC.	Can't be the dependent of another person.	
Must be a U.S. citizen or resident alien all year.	The taxpayer can't be a qualifying child of another person.	Must have lived in the United States more than half the year.	
Can't file Form 2555 (relating to foreign earned income).		Can't be a qualifying child of another person.	
Investment income must be \$11,950 or less.			
Can't be a qualifying child of another person.			

# 1099 R Box 7 Code 3:

- Code 3 means retired on disability
  - Until the client reaches the job's minimum retirement age, they can choose to treat the disability income as wages
  - Doing so will increase earned income which can qualify the client for the earned income credit
    - Getting EIC depends on having earned income
  - Once client reaches minimum retirement age, the disability becomes a pension, which is not earned income

# Tax Credits: Child & Dependent Care Credit

- For those who put their children into daycare/after school care
- Have to do so in order to work or look for work
- Credit is percentage of amount paid
- Paying someone you can claim as a dependent doesn't count
- For children up to age 13
- Dependent care for someone who is physically or mentally incapable of self-care
- Must have a receipt for each person for care

# Other Taxes: Additional Taxes on Retirement Plans

- If you withdraw retirement money before age 59 1/2, you'll be penalized
- Will be reflected on 1099 R, Box 7 (code 1)
- 10% of amount withdrawn
- Withdrawn amount will also be added as income
- Exceptions to penalty
  - Taking money out to use for household/personal expenses is NOT an exception
  - Taking money out for emergency expenses is exempt up to \$1000
  - Taking IRA (must be an IRA) money out to use for college expenses IS an exception
  - Even if exception applies, withdrawn amount will still be taxed as income

# Tax Credits: American Opportunity Tax Credit

- Reported on a 1098-T
- Tax credit for going to college
- Partially nonrefundable, partially refundable
- Qualifications
  - Available for Undergraduates only
  - Available only for first Bachelor's degree
  - Have to be at least half-time
  - Can only be claimed 4 times for each student
  - Can't have been convicted of a drug felony



# Tax Credits: American Opportunity cont.

- Credit is percentage of educational expenses
  - Educational expenses
    - Tuition, net of any scholarships
      - Both are reported on 1098-T
      - If inaccurate, look at student's online account
    - Books and supplies that are **mandatory** for classes
    - **Mandatory** student fees
    - Room and board, meal plans, parking, other personal expenses **DO NOT COUNT**
- Max amount of expenses you can claim is \$4,000
  - Tuition is usually more than this by itself!
- For each person on a tax return, you can only claim either the AOC or lifetime learning credit

# Tax Credits: Lifetime Learning Credit

- Completely nonrefundable
- Qualifications
  - Available to Graduates, part-timers, and convicted drug felons
  - Can be claimed any number of times
  - Have to be taking classes in order to improve job skills

# Tax Credits: Lifetime Learning Credit cont.

- Credit is percentage of educational expenses
  - Tuition, net of any scholarships
  - Books and supplies, **ONLY if required to be bought from campus bookstore**
  - Mandatory student fees
  - Room and board, meal plans, parking passes DOES NOT count
- Max amount of expenses you can claim is \$10,000

# Tax Credits: Retirement Saving Contribution Credit

- Available if you contribute money to a pension
- If pension is through your job, will be reflected on W2
- Software will calculate the credit automatically

# Other Credits:

- Interest on new car loan (OBBB)
  - Brand new car purchased by 12/31/25
  - Final assembly in USA
    - [VIN lookup](#)
  - Bring in their loan information with interest paid
    - up to \$10,000

# ITINS:

- Certain U.S. residents have ITINs instead of SSNs
  - Those not eligible for an SSN have ITINs instead
  - Acts essentially the same as an SSN for tax preparation purposes
- ITIN holders are not allowed certain tax credits
  - EIC: client AND spouse both have to have SSN to claim EIC.
    - Won't get extra EIC if child dependent has an ITIN. If the child doesn't have an SSN, the parents can still claim the EIC for themselves if they otherwise qualify
  - Child tax credit: child needs to have an SSN, but parents don't
    - If child doesn't have an SSN, you can still get the Credit for Other Dependents, which doesn't require an SSN.


# Special NYS Subtractions from Income and Credits: *will show during practice lab*

Rules in play more for tax prep. No questions on the exam regarding state tax law

- Pension exclusion
  - Up to \$20,000 per filer on private pensions
  - Full amount on state or government pensions
    - Can be combined
    - State Street not government
- College Tuition Credit
- Volunteer Firefighters and Ambulance Workers Credit
- Noncustodial Parent
- Real Property Tax Credit
  - For age 65 and older
  - Renter's credit
- Injured Spouse (Advanced)
- Disability Income Exclusion (Advanced)



# TP-301 New York State - 2 pages Required

 **NEW YORK STATE**

Department of Taxation and Finance  
**Income Tax Worksheet**  
Volunteer Income Tax Assistance Program

*Required page 1 of 2*

**TP-301 (12/25)**

Name \_\_\_\_\_ Date \_\_\_\_\_

County \_\_\_\_\_ School district (town if not known) \_\_\_\_\_

Yes No Unsure

Did you receive a New York State Inflation Refund Check? \_\_\_\_\_

If Yes, how much \$ \_\_\_\_\_

Were you a New York State resident for the entire tax year? (and your spouse if filing a joint return) \_\_\_\_\_

If No, where else did you live from 1/1/25 – 12/31/25?

Town, State	Start Date	End Date
Town, State	Start Date	End Date
Town, State	Start Date	End Date

Did you pay child support through the NYS support collection unit for at least one-half of the year and you are **NOT** in rears? (IT-209) \_\_\_\_\_

If Yes,

Child's Name	DOB
Child's Name	DOB
Child's Name	DOB

If you pay rent for your place of residence, did you pay \$450 or less a month? \_\_\_\_\_

If Yes, How much do you pay each month? \_\_\_\_\_

And what does your rent include: (check the correct box)

<input type="checkbox"/> Heat, gas, electricity, furnishings, and board	<input type="checkbox"/> Heat, gas, electricity, and furnishings
<input type="checkbox"/> Heat, gas, electricity, and furnishings	<input type="checkbox"/> Heat, gas, and electricity
<input type="checkbox"/> Heat or heat and gas	<input type="checkbox"/> None of the above

Yes No Unsure

Were you (or your spouse, if filing a joint return) an active volunteer firefighter or ambulance worker for the entire tax year? (IT-245) \_\_\_\_\_

Did you make contributions to a **NYS 529 College Savings Plan** during the tax year? \_\_\_\_\_

Did you receive interest on U.S. government bonds during the tax year? \_\_\_\_\_

Did you (or your spouse if filing a joint return) receive a pension or other distribution from a **New York State, local government, or federal government pension plan**? \_\_\_\_\_

If Yes, was the person who received the pension 59½ or older during the tax year? \_\_\_\_\_

Did you (or your spouse, if filing a joint return) receive a **private pension** (not state or government)? \_\_\_\_\_

If Yes, was the person who received the pension 59½ or older during the tax year? \_\_\_\_\_

Did you receive pension payments as a beneficiary of a pension plan? \_\_\_\_\_

If Yes, what share of that pension did you receive? \_\_\_\_\_

Did you (or your spouse, if filing a joint return) receive disability income during the tax year? (IT-221) \_\_\_\_\_

Did you pay nursing home expenses (special assessment) during the tax year? (IT-258) \_\_\_\_\_

Did you pay long-term care insurance premiums during the tax year? (IT-249) \_\_\_\_\_

*Required*

**New York State TP-301 (12/25) Page 2 of 2**

Yes No Unsure

Did you receive a healthcare and mental hygiene worker's bonus? (B14 code HWB/Bonus) \_\_\_\_\_

Did you pay nursing home expenses (special assessment) during the tax year? (IT-258) \_\_\_\_\_

Did you pay long-term care insurance premiums during the tax year? (IT-249) \_\_\_\_\_

Was any of your income taxed by another state or local government (IT-112-R) or did you pay taxes to a province of Canada? (IT-112-C) \_\_\_\_\_

Did you pay **undergraduate** college tuition expenses by cash, check, credit card, or with borrowed funds, or funds from a qualified state tuition program (such as 529 College Savings Program), for yourself, your spouse, or your dependent(s)? **Note:** This does not include scholarships or other types of financial aid that are not required to be repaid. (IT-272 or IT-203-B) \_\_\_\_\_

Did you purchase taxable property or services for use in New York State without paying sales and use tax at the time of purchase? \_\_\_\_\_

(line 59 on Form IT-201 or line 56 on Form IT-203 – do not leave blank)

Do you use clean fuel oil (biofuel) for residential heating? (IT-241) \_\_\_\_\_

Did you purchase or lease solar energy system equipment and install it at your principal residence during the tax year? (IT-255) \_\_\_\_\_

Did you purchase or lease a geothermal system that was placed in service at your residence during the year? (IT-267) \_\_\_\_\_

Did you repay any amount of income received in a prior year that was previously included in New York adjusted gross income (for example, if you were overpaid unemployment income last year and had to repay a portion this year that did not reduce this year's unemployment income)? (IT-225, S-141; IT-196, line 24 or 34; or IT-257) \_\_\_\_\_

Do you have a student loan forgiveness award from the Higher Education Service Corporation (HESC) student loan? \_\_\_\_\_

**Complete this section ONLY if you lived in New York City or Yonkers**

**New York City**

Yes No Unsure

Were you (or your spouse if filing a joint return) a New York City resident for any part of the tax year? \_\_\_\_\_

If you answered **Yes**, how many months did you (and your spouse if filing a joint return) live in New York City during the tax year? You \_\_\_\_\_ Spouse \_\_\_\_\_

Did you (or your spouse if filing a joint return) maintain living quarters (a residence) in New York City during the tax year? \_\_\_\_\_

If you answered **Yes**, how many days did you (and your spouse if filing a joint return) spend in New York City during the tax year? You \_\_\_\_\_ Spouse \_\_\_\_\_

Does your W-2 (box 14) show an amount that was deducted or deferred from your salary under a benefit program established by New York City public employers on your behalf? \_\_\_\_\_

**Yonkers**

Yes No Unsure

Were you (or your spouse if filing a joint return) a Yonkers resident for any part of the tax year? \_\_\_\_\_

If **Yes**, how many months did you (and your spouse if filing a joint return) live in Yonkers during the tax year? You \_\_\_\_\_ Spouse \_\_\_\_\_

Did you earn income (self-employment or wages) from a source located in Yonkers? \_\_\_\_\_

**Additional notes:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



# Take your time: Looking for Accuracy-Not Speed

- Double check
  - Social Security Numbers
  - Spelling of names
    - Use Social Security Card for registered name not form
  - Address: did it change?
    - Apartment number
  - Phone number Change?
  - Dependents:
    - New dependent
    - Remove a dependent?
  - Change in Marital Status

# Practice Labs

- The **Practice lab**, for Basic and Advance tax preparers
  - Where to find it:
    - Link: Main page of [Link & Learn](#) Certification under Quick Links
    - [VITA TaxSlayer](#) page
      - Practice Lab you will need to enter **TRAINPROWEB** all in caps to enter.
      - This will bring you to another sign in page.
        - This is a separate Username and Password.
        - Suggestion: use the same username as the certification test. This makes it easier to remember.
        - Start your practice labs for testing. The practice lab format will be the same format you will be using in TaxSlayer.

## Practice Lab

The practice lab will allow you to setup and run through the steps of creating/viewing/modifying returns in the safety of our testing environment.

[Click here to get started.](#)

## Pro Online

In order to get started with creating, viewing, modifying, or transmitting returns for the IRS ensure your site has been created and you have your login credentials ready.

[Please click here to login to your site.](#)

## VITA/TCE Blog

The VITA/TCE Blog will keep you up to date with any changes and notifications regarding IRS Preparers and Standards in creating/modifying returns for the IRS.

[Click here view the latest updates.](#)



## Support Guides

Please use the guides below to help yourself get acquainted with the various applications.

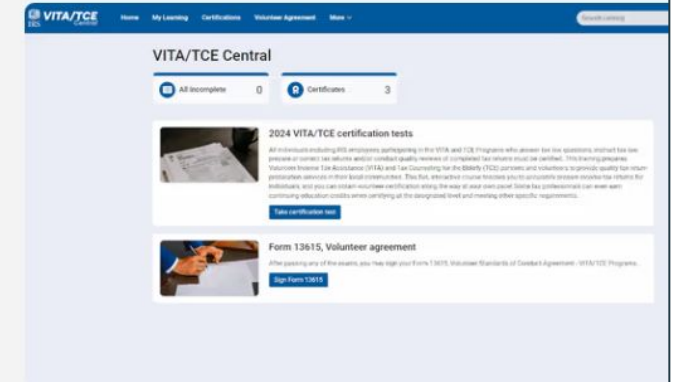
[Download the Pro Online User Guide](#)

[Download the Pro Desktop User Guide](#)

## VITA/TCE Central your one-stop shop for volunteer training

VITA/TCE Central lets you find your most frequently used tools on one page - certification tests, training and testing PDFs, evaluations, Practice Lab, instructor tools and more!

[Start learning](#)



## Quick Links

[Getting Started](#)

[Intake/Interview and Quality Review Training](#)

[Fact Sheet: Continuing Education Credits](#)

[Practice Lab](#)

[Certification Test/Retest](#)

[VSOC Training](#)

## Access Link & Learn Taxes

Hello,

Welcome to the Electronic Tax Software Practice Lab for VITA/TCE volunteers. When you enter this site, you will be able to prepare tax returns to practice what you just learned in Link & Learn Taxes. We recommend that you use the practice problems contained in the Practice Lab. These problems and exercises were specifically designed to cover the types of tax returns that VITA/TCE volunteers encounter at their volunteer sites.

To access the practice lab enter below the password you received from the IRS or your site coordinator. If you do not know the password please contact your site coordinator or local IRS Relationship Manager.

If you are not currently a VITA/TCE volunteer and would like to become a volunteer, please click here to get started: <https://www.irs.gov/Individuals/IRS-Tax-Volunteers>. Your information will be forwarded to sponsoring partners in your area for further contact. You will be contacted within 2 weeks after you have submitted your information.

**Enter Password**

Login

## Sign In

**Username**

**Password**

Sign In

Create Account

[Forgot Password](#) | [Forgot Username](#)

← TRAINPROWEB

# Create New Account

## Account Information

Email Address

sthompson@peace-caa.org

Confirm Email Address

sthompson@peace-caa.org

Available

Username

mememememe

Available

Password

.....

Confirm Password

.....

Program Type

VITA

Site Identification Number (SIDN)

Site Identification Number (SIDN)

Password must contain a minimum of 15 and maximum of 25 characters at least 1 Uppercase Alphabet, 1 Lowercase Alphabet, 1 Number and 1 Special Character (@!%\*?&)

## Password Recovery

Security Question

In what city were you born?

Security Answer

Security Answer

Required

Create Account



# Practice Scenarios

*Link and Learn Home*

[linklearncertification.com](https://linklearncertification.com)

Password: TRAINPROWEB

*Please ask questions as we go*



# What's next?

- Take your certifications
  - Provide me with your 13615 (can update as you change levels)
- Schedule your days/hours
  - Hub location, 1201 E Fayette t, Syracuse
    - Tuesdays & Saturdays, 9am - 5pm
    - Wednesdays & Thursdays, 12pm - 7pm
    - Mondays & Fridays, 9am-4pm
      - Not open to the public: data entry, tax prep for experienced preparers
- Want to get your Advance certification?
  - Join us for Advance Certification Training
  - [Training Schedules](#) & Materials are on the website [peace-caa.org/taxes](http://peace-caa.org/taxes)
- Additional events for volunteering / end of season celebration



# Thank you!

Additional questions/Volunteer:

Sharon Thompson

[sthompson@peace-caa.org](mailto:sthompson@peace-caa.org)

315.634.3756