

PART 1 - INDIVIDUALS

EA
ACADEMY
PH

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Learning Objectives

- Get familiar with the SEE Exam coverage
- Navigate IRS website - Useful links and resources
- Discuss Preliminary work to prepare tax returns:
 - 1) Use of prior years' returns for comparison, accuracy, and carryovers for current year's return
 - 2) Taxpayer personal information (e.g., date of birth, marital status, dependents, identity protection PIN, state issued photo ID)
 - 3) Residency status and/or citizenship (e.g., , visas, green cards, resident alien or non-resident alien, ITIN)
 - 4) Filing requirements and due date
 - 5) Taxpayer filing status



HELPFUL IRS RESOURCES

- IRS PUBLICATIONS - <https://www.irs.gov/publications>
- IRS VIDEOS - <https://www.irsvideos.gov/Individual>
- IRS VITA - Publication 4491 - VITA/TCE Training Guide
<https://apps.irs.gov/app/vita/sitemap.jsp>

IRS VITA (Volunteer Income Tax Assistance) and TCE (Tax Counseling for the Elderly) are two programs offered by the Internal Revenue Service (IRS) in the United States to provide free tax preparation and assistance to certain taxpayers.



PART 1 - INDIVIDUALS

- Preliminary Work and Taxpayer Data 14 Questions
- Income and Assets 17 Questions
- Deductions and Credits 17 Questions
- Taxation 15 Items
- Advising the individual taxpayer 11 Questions
- Specialized Returns for Individuals 11 Questions

Preliminary Work and Taxpayer Data 14 Questions



Preliminary work to prepare tax returns

Use of prior years' returns for comparison, accuracy, and carryovers for current year's return

A preparer is expected to review prior year tax returns for compliance, accuracy and and completeness

In reviewing prior year tax returns, a preparer needs to determine whether there are items that affect the current year's returns including the following:

- Carry overs
- Net operating losses
- Credit for Prior Year minimum tax
- Prior Year depreciation and asset basis



What is due diligence?

Due diligence means doing your part to ensure tax returns are correct.

You ensure the information on the return you are preparing or reviewing is correct and complete

Clarifying information that may appear to be inconsistent or incomplete

Top 4 Things to Remember about Due Diligence



1. Do your part to ensure a tax return is correct.
2. Question any unusual, inconsistent, or incomplete items.
3. If you are unsure about a deduction or credit, make an effort to research the answer, or ask another certified volunteer for assistance.
4. Remind taxpayers that when they sign their tax returns, they are stating under penalty of perjury that the return is accurate to the best of their knowledge.



TAXPAYER INFORMATION

When preparing the tax return of a taxpayer, certain biographical information is required to be collected by the tax professional:

- Taxpayer personal information (e.g., date of birth, marital status, dependents, identity protection PIN, state issued photo ID)
- Residency status
- Dependents
- Taxpayer Identification number (SSN, ITIN or ITIN)



Taxpayer Identification Numbers

- Social Security Number (SSN)
- Individual Tax identification Number (ITIN)
- Adoption Taxpayer Identification Number (ATIN)

Note: A taxpayer who can't obtain an SSN should apply for an ITIN or ATIN in order to file a US tax return. Generally, only US Citizens and lawfully admitted non-citizens authorized to work in the United States are eligible for a Social Security Number



Taxpayer Identification Numbers (cont.)

Taxpayers are generally required to provide the SSN for all parties on the return, including each dependent claimed. An ITIN or ATIN may be used in place of the SSN in certain circumstances.

Exception:

If a child is born and dies within the same tax year and is not granted an SSN, the taxpayer may still claim that child a dependent. The tax return must be filed on paper with a copy of the birth certificate or hospital/medical record that the child was born alive. The taxpayer would then enter “DIED” in the space for the dependent’s Social Security Number on the tax return.




What is an ITIN?

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An Individual Taxpayer Identification Number (ITIN) is a tax processing number issued by the Internal Revenue Service. The IRS issues ITINs to individuals who are required to have a U.S. taxpayer identification number but who do not have, and [are not eligible](#) to obtain, a Social Security number (SSN) from the [Social Security Administration \(SSA\)](#).

What is an ITIN used for?

What is an ITIN used for?

IRS issues ITINs to help individuals comply with the U.S. tax laws, and to provide a means to efficiently process and account for tax returns and payments for those [not eligible](#)  for Social Security numbers. They are issued regardless of immigration status, because both resident and nonresident aliens may have a U.S. filing or reporting requirement under the Internal Revenue Code. ITINs do not serve any purpose other than federal tax reporting.

An ITIN **does not:**

- Authorize work in the U.S.
- Provide eligibility for Social Security benefits
- Qualify a dependent for Earned Income Tax Credit Purposes



Form W-7

Form **W-7**
(Rev. August 2019)
Department of the Treasury
Internal Revenue Service

Application for IRS Individual Taxpayer Identification Number
▶ For use by individuals who are not U.S. citizens or permanent residents.
▶ See separate instructions.

OMB No. 1545-0074

An IRS individual taxpayer identification number (ITIN) is for U.S. federal tax purposes only.

Before you begin:
• **Don't submit this form if you have, or are eligible to get, a U.S. social security number (SSN).**

Reason you're submitting Form W-7. Read the instructions for the box you check. **Caution:** If you check box **b, c, d, e, f, or g, you must file a U.S. federal tax return with Form W-7 unless you meet one of the exceptions** (see instructions).

Application type (check one box):
 Apply for a new ITIN
 Renew an existing ITIN

a Nonresident alien required to get an ITIN to claim tax treaty benefit
b Nonresident alien filing a U.S. federal tax return
c U.S. resident alien (**based on days present in the United States**) filing a U.S. federal tax return
d Dependent of U.S. citizen/resident alien } If **d**, enter relationship to U.S. citizen/resident alien (see instructions) ▶ _____
e Spouse of U.S. citizen/resident alien } If **d** or **e**, enter name and SSN/ITIN of U.S. citizen/resident alien (see instructions) ▶ _____
f Nonresident alien student, professor, or researcher filing a U.S. federal tax return or claiming an exception
g Dependent/spouse of a nonresident alien holding a U.S. visa
h Other (see instructions) ▶ _____

Additional information for **a** and **f**: Enter treaty country ▶ _____ and treaty article number ▶ _____

Name (see instructions) Name at birth if different ▶	1a First name	Middle name	Last name
	1b First name	Middle name	Last name

2 Street address, apartment number, or rural route number. **If you have a P.O. box, see separate instructions.**
City or town, state or province, and country. Include ZIP code or postal code where appropriate.

3 Street address, apartment number, or rural route number. **Don't use a P.O. box number.**
City or town, state or province, and country. Include postal code where appropriate.

4 Date of birth (month / day / year)	Country of birth	City and state or province (optional)	5 <input type="checkbox"/> Male <input type="checkbox"/> Female
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6a Country(ies) of citizenship **6b** Foreign tax I.D. number (if any) **6c** Type of U.S. visa (if any), number, and expiration date

6d Identification document(s) submitted (see instructions) Passport Driver's license/State I.D.
 USCIS documentation Other _____
 Issued by: _____ No.: _____ Exp. date: ____/____/____
 Date of entry into the United States (MM/DD/YYYY): ____/____/____

6e Have you previously received an ITIN or an Internal Revenue Service Number (IRSIN)?
 No/Don't know. Skip line 6f.
 Yes. Enter date of expiration of ITIN/IRSIN: ____/____/____



3 WAYS TO APPLY FOR ITIN

- Using Form W-7
- Using an IRS authorized Certified Acceptance Agents
- In person at IRS designated Taxpayer Assistance Center



Tax Forms for Individuals

- Form 1040
- Form 1040-SR
- Form 1040-NR
- Form 1040-X

FILING DUE DATES



Due date of return. File Form 1040 or 1040-SR by April 18, 2023. The due date is April 18, instead of April 15, because of the Emancipation Day holiday in the District of Columbia – even if you don't live in the District of Columbia.



Postmark and Mailbox Rule

The IRS will accept a postmark as a proof of a timely-filed return. For example, if a tax return is postmarked April 15 but did not arrive at the IRS Service Center until April 25, the IRS will accept the tax return as having been filed on time. In cases where a tax return is filed, close to the filing deadline, it is advisable for the taxpayer to pay for proof of mailing or certified mail. This is also called the mailbox rule.

E-file tax returns are given an “electronic postmark” to indicate the day the return is accepted and transmitted to the IRS.




Extension Filing - October 15

File Form 4868 Application for Automatic Extension of Time to File U.S. Individual Income Tax Return

Form 4868 Department of the Treasury Internal Revenue Service	Application for Automatic Extension of Time To File U.S. Individual Income Tax Return Go to www.irs.gov/Form4868 for the latest information.	OMB No. 1545-0074 2022
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There are three ways to request an automatic extension of time to file a U.S. individual income tax return.


1. You can pay all or part of your estimated income tax due and indicate that the payment is for an extension using Direct Pay, the Electronic Federal Tax Payment System, or using a credit or debit card. See *How To Make a Payment*, later.
2. You can file Form 4868 electronically by accessing IRS e-file using your tax software or by using a tax professional who uses e-file.
3. You can file a paper Form 4868 and enclose payment of your estimate of tax due (optional).

 **It's Convenient,
Safe, and Secure**


IRS e-file is the IRS's electronic filing program. You can get an automatic extension of time to file your tax return by filing Form 4868 electronically. You'll receive an electronic acknowledgment once you complete the transaction. Keep it with your records. Don't mail in Form 4868 if you file electronically, unless you're making a payment with a check or money order. See *Pay by Check or Money Order*, later.

Complete Form 4868 to use as a worksheet. If you think you may owe tax when you file your return, you'll need to estimate your total tax liability and subtract how much you've already paid (lines 4, 5, and 6 below).


Several companies offer free e-filing of Form 4868 through the Free File program. For more details, go to www.irs.gov/FreeFile.

 **Pay Electronically**

You **don't** need to file Form 4868 if you make a payment using our electronic payment options. The IRS will automatically process an extension of time to file when you pay part or all of your estimated income tax electronically. You can pay online or by phone. See *Making Payments Electronically*, later.

 **E-file Using Your Tax Software
or Through a Tax Professional**

Refer to your tax software package or tax preparer for ways to file electronically. Be sure to have a copy of your 2021 tax return—you'll be asked to provide information from the return for taxpayer verification. If you wish to make a payment, you can pay by electronic funds withdrawal or send your check or money order to the address shown in the middle column under *Where To File a Paper Form 4868*, later.

 **File a Paper Form 4868**

If you wish to file on paper instead of electronically, fill in the Form 4868 below and mail it to the address shown under *Where To File a Paper Form 4868*, later.

For information on using a private delivery service, see *Private Delivery Services*, later.

Note: If you're a fiscal year taxpayer, you must file a paper Form 4868.

General Instructions



FILING EXTENSIONS (cont.)

- Filing this form gives you until October 15 to file a return.
 - If October 15 falls on a Saturday, Sunday, or legal holiday, the due date is delayed until the next business day. Your return is considered filed on time if the envelope is properly addressed, postmarked, and deposited in the mail by the due date.
- To get the extension, you must estimate your tax liability on this form and should also pay any amount due.



TAXPAYER FILING STATUS

There are five filing statuses:

- Single
- Married Filing Jointly (MFJ)
- Married Filing Separate (MFS)
- Head of Household (HOH)
- Qualifying Surviving Spouse (QSS)



Change in 2022

Filing status name changed to qualifying surviving spouse. The filing status qualifying widow(er) is now called qualifying surviving spouse. The rules for the filing status have not changed. The same rules that applied for qualifying widow(er) apply to qualifying surviving spouse

Study Note: A taxpayer maybe able to claim more than one filing status. Usually, the taxpayer can choose whichever is going to be the most tax beneficial and get the lowest tax results.



Standard Deduction in 2022

- Single/Married Filing Separate (MFS) \$12,950
- Married Filing Jointly (MFJ) or QSS \$25,900
- Head of Household (HOH) \$19,400

Additional standard deduction for age 65 and over/and or blind

MFJ/MFS/QSS : \$1,400

Single/HOH: \$1,750



Residency for Tax Purposes

- To file an accurate return, a taxpayer is considered a resident or a non-resident. For IRS purposes, an “alien” is an individual who is not a U.S. Citizen. Aliens are then further classified as resident and non-resident aliens.
- Residency status is important because these taxpayers are taxed in different ways.
 1. **Resident Aliens** - are generally taxed on their world-wide income
 2. **Non-resident aliens** - are only taxed on their income sources within the US and on certain income connected with the conduct of business or trade in the US
 3. **Dual status** - are those that are both resident and non-resident aliens during the same tax year. Different rules for the part of the year the tax payer is a US resident and the part of the year the taxpayer is a non-resident.

Definition of Blind



Blind

You are considered blind if:

1. You cannot see better than 20/200 in your better eye with glasses or contact lenses, or
2. Your field of vision is not more than 20 degrees.

This information is found in the Standard Deduction chapter of Publication 17, Your Federal Income Tax.



THAT'S ALL FOR NOW, THANK YOU!

See you on the next session