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** starred items in the Table of Contents indicate sections with significant updates from last year.*

Disclaimer

The Prepare + Prosper Volunteer Tax Manual is an instructional guide intended to familiaize volunteers with basic tax laws and procedures needed to complete individual federal and Minnesota income tax returns.

The information contained in this manual may be subject to change and it may not match the current printed volunteer tax manual. For in-depth tax law and procedures, volunteers should refer to IRS Publication 17, *Your Federal Income Tax*; Publication 4491, *VITA/TCE Training Guide;* Publication 4012, *Volunteer Resource Guide*; Minnesota Individual Income Tax booklet; and instructions for Minnesota Homestead Credit Refund (for Homeowners).

NEW THIS YEAR

This page contains an overview of what's new this year, and updates have been made throughout this manual. Pub 4491, *VITA/TCE Training Guide,* provides a more in-depth look at federal updates in the sections **Important Changes for 2024** and **Temporary Provisions**. The instruction booklet for Minnesota Form M1 provides a summary of Minnesota updates and more detailed instructions. Pub 4012, *VITA/TCE Volunteer Resource Guide,* is updated to incorporate federal tax law changes.

> Tax law for 2024 returns may change after this manual is published. Changes may extend expired tax law provisions or create new provisions. Stay informed throughout the season with Tax Alerts, Pub 4491X 2024, and onsite announcements.

Federal tax updates

- **Savings Bonds can no longer be purchased with tax refunds:** Form 8888 will no longer offer the option to purchase Savings Bonds, only to split the Federal refund between two or more accounts.
- **New Box 12 code II on W-2** for Medicaid waiver payments excluded from income.
- **Exceptions to additional tax on early retirement distributions:** expanded to cover distributions to domestic abuse victims (up to $10,000) and for emergencies (up to $1,000).
- **New IRS intake form:** The IRS has updated Form 13614-C (or the yellow form). These changes are intended to make the form easier for customers to fill out. A few notes:
  - There is now a place for taxpayers to share optional pronouns, along with first name.
  - Pages 2 and 3 are split between taxpayer section on the left, and a shaded volunteer section on the right for notes and important follow-up items.
  - Taxpayer boxes “yes” “no” and “unsure” removed.

  See more on page 14. And find additional guidance in the Pub 4012, Tab B, page B-6.

Minnesota tax updates

- **Advance Child Tax Credit Payments:** Starting in tax year 2025, families who qualify for a 2024 Minnesota Child Tax Credit can opt in to receive half of their 2025 credit early, in three advance payments. See details on page 153.
  - P+P will provide a handout on ACTC to help guide conversations with customers.
- **Renter’s Credit:** Schedule M1RENT is now part of the M1 Minnesota Income Tax Return instead of being part of the M1PR (See page 159 for more information).

  There will no longer be a stand-alone filing process for renters. The Renter's Credit is now a refundable credit on the state return. This means significant changes for taxpayers:
  - **Taxpayers will need all of their CRPs** to file the state return. (see page 162).
  - **There will not be a separate refund sent in the summer** — the Renter's Credit will be part of the state refund, which will be sent out shortly after filing.

  The Renter's Credit is now based on Federal AGI, and no longer includes nontaxable household income such as SSI, MFIP, and many more *(No change to the property tax refund; form M1PR is largely unchanged for homeowners.).*
- **Property Tax Special Refund:** The calculation of the Special Refund for homeowners has moved to Schedule M1PR-SR.

PREPARE + PROSPER

WORKING TOWARD A BRIGHTER FINANCIAL FUTURE

Prepare + Prosper has more than 50 years of experience serving in our community, influencing our field, and making an impact.

About 66% of the U.S. population struggles to spend, save, borrow, and plan financially.

These same households contribute 84% of total spending on interest and fees for everyday financial services, and spend a greater share of their income compared with those who are financially healthy. (Source: Financial News Network.)

We want a future where everyone feels financially empowered.

Our work is about breaking barriers, advocating for policies, and creating real opportunities for success. We empower people to build financial stability and security.

Learn about the people participating in our tax clinics.

Our tax services are available to individuals earning $40,000 or less annually and to families earning $70,000 or less annually. Self-employed taxpayers must also meet these guidelines and earn more than $6,000 in self-employment income.

In 2024, 66% of P+P tax clinic participants identified as people of color, 15% of households primarily speak a language other than English, and 35% of households who used our services included a person with a disability. The average income of in-person tax clinic participants in 2024 was $18,835.

Programs and Services

Free tax preparation + financial services: We have IRS-certified volunteers who help customers prepare taxes, navigate the tax code and maximize their refund.

Money Mentors financial coaching: Participants are paired with a coach and receive one-on-one support to reach their financial goals. Participants also attend peer sessions to learn about a variety of financial topics.

FAIR Banking Program: We help individuals, including those who are underbanked and unbanked, access financial products to build credit and wealth so they don't have to navigate the process alone. This program is provided through an exclusive partnership with Sunrise Banks.

Changing systems: We advance and strengthen policies and practices to support a more equitable tax code and wealth building for low-to-modern income households.

2024 Accomplishments*

- 10,251 taxpayers filed 23,984 tax returns for free
- Over $20 million in tax refunds were returned
- 400 volunteers donated 10,349 hours
- 727 taxpayers saved $1,365,763 of their tax refunds
- 129 people worked toward financial goals in our coaching program
- 891 sole-proprietors received assistance
- 366 customers enrolled in 469 FAIR accounts— 169 checking, 260 savings, and 40 credit builder accounts

*As of July 1, 2024

Learn more at prepareandprosper.org

CONTACT INFORMATION

Volunteer hotlines

Please do not provide these numbers to taxpayers for tax assistance; these resources are available to volunteers only. When using the hotlines, identify yourself as a VITA volunteer.

IRS volunteer hotline Available mid-January through April 15	1-800-829-8482 (1-800-TAX-VITA) Monday - Friday: 7 a.m. - 7 p.m.
MN Department of Revenue hotline Available year-round	651-556-3050 or 1-800-657-3829 Monday - Friday: 8 a.m. - 4:30 p.m. individual.incometax@state.mn.us

Free legal assistance for tax problems

University of Minnesota Law School Tax Clinic	612-625-5515	Low-Income Taxpayer Clinics: Provide advice and representation on federal and associated Minnesota tax issues.
Mid-MN Legal Aid Tax Law Project	Twin Cities: 612-334-5970 Statewide: 1-877-696-6529	
LawHelpMN.org	www.lawhelpmn.org	Offer legal resources and information on tax credits, scams, and refund recapture.
MN Taxpayer Rights Advocate Office	Twin Cities: 651-556-6013 Statewide: 855-452-0767	Help resolve tax issues after attempts to resolve them directly with Minnesota Revenue or the IRS fail.
IRS Taxpayer Advocate Office in MN	Twin Cities: 651-312-7999 Statewide: 877-777-4778	

Taxpayer assistance centers

CITY	ADDRESS	PHONE
	IRS taxpayer assistance centers	
Bloomington	1550 American Blvd East, Ste 800	All IRS centers operate by appointment only. Call 844-545-5640 to schedule an appointment.
Duluth	515 West First Street	
Fargo	657 Second Avenue North	
Mankato	1921 Excel Drive	
St. Cloud	1010 West Saint Germain Street, Ste 310	
St. Paul	430 North Wabasha Street	
Rochester	310 South Broadway, Ste 202	
	Minnesota Department of Revenue assistance center	
St. Paul	600 North Robert Street Walk-in Monday - Friday 8 a.m. - 4:30 p.m.	651-296-3781

VOLUNTEER STANDARDS OF CONDUCT (VSC)

All volunteers are required to ensure the integrity of the national IRS Volunteer Income Tax Assistance (VITA) program. The VSC set a benchmark for VITA volunteer actions as a safeguard for taxpayers. Pub 4961 covers the VSC in detail. The following section is a summary.

Violation or non-compliance with the standards of conduct

- Volunteers not complying may be removed from the VITA program and placed on the IRS-SPEC Volunteer Registry listing those barred indefinitely from participating in VITA.
- Also, if the VSC are violated, P+P could be terminated from the program, lose IRS grant funds, and have electronic filing numbers (EFINs) deactivated.

1. Follow the Quality Site Requirements (QSRs)

QSR 1: All volunteers must pass the VSC certification test. Volunteers who answer tax law questions, teach tax law, or prepare/review tax returns must successfully pass tax law certification tests and the Intake/Interview and Quality Review test. Quality reviewers are encouraged to review Pub 5101, *Quality Review Training,* as a refresher.

QSR 2: All sites must use Form 13614-C, *Intake/Interview & Quality Review Sheet*, for every return prepared. All returns must be quality reviewed and discussed with taxpayers. Form 13614-C indicates Basic (B) or Advanced (A) next to each tax issue to indicate the tax law certification a volunteer must have to work on the return.

QSR 3: All sites must have a process for confirming taxpayer identities, including reviewing photo identification for primary and secondary taxpayers, and verifying Social Security numbers or Individual Taxpayer Identification Numbers for everyone on the return.

QSR 4: All sites must make available (paper or electronic) Pub 4012, *Volunteer Resource Guide*; Pub 17, *Your Federal Income Tax for Individuals*; Pub 4299, *Privacy, Confidentiality, and Civil Rights;* Volunteer Tax Alerts (VTAs); and Quality Site Requirement Alerts (QSRAs). VTAs and QSRAs must be discussed with volunteers within five days of issuance.

QSR 5: After passing all required certification tests, volunteers must sign Form 13615 agreeing to the VSC. This is done each year prior to working with customers or teaching tax law.

QSR 6 – 9: The following requirements are the responsibility of P+P: (6) timely filing of tax returns, (7) display of Title VI of the Civil Rights Act of 1964 poster, (8) provision of correct Site Identification Numbers (SIDNs), and (9) provision of correct Electronic Filing Identification Numbers (EFINs) on all returns.

QSR 10: The guidelines in Pub 4299, *Privacy, Confidentiality, and Civil Rights,* demand a high level of data security. Volunteers must safeguard computers and equipment that store taxpayer data as well as physical copies of taxpayer information. This QSR also includes the requirement that volunteers display their first name and first initial of their last name while volunteering. This may take the form of a nametag in person or displayed name in a virtual meeting.

2. Not accept payment, solicit donations, or accept refunds as payment for federal or state tax return preparation

VITA programs are not allowed to have a donation jar at the tax site, and volunteers cannot accept tips. Taxpayers who want to donate to P+P can make donations on P+P's website, but cannot do so at the site.

3. Not solicit business from taxpayers they assist or use the knowledge they gained about them for any direct or indirect personal benefit for themselves or any other specific individual

No solicitation of any kind is permitted at P+P tax sites.

Example: An accountant volunteering at the tax site cannot solicit business from a taxpayer who needs accounting services – even if the service is provided at a discounted rate.

Example: A volunteer's child cannot raise money for a school or club activity by selling candy to other volunteers or taxpayers.

4. Not knowingly prepare false returns

Trust in the IRS VITA program and P+P is jeopardized when ethical standards are not followed. Fraudulent returns can result in taxpayers paying additional taxes plus interest and penalties and spending many years interfacing with the IRS. The IRS defines "unethical" as "not conforming to agreed standards of moral conduct, especially within a particular profession". In most cases, unethical behavior involves intent to disregard the established laws, procedures or set policies.

Example: If a volunteer preparer tells a taxpayer that cash income from self-employment does not need to be reported on the return or a volunteer knowingly prepares a return claiming an ineligible dependent. Such actions are considered unethical and violations of the VSC. However, a volunteer who reviews the returns described above **does not** violate this standard if the reviewer does not knowingly process a fraudulent return.

Don't confuse an unethical action with a lack of knowledge or a simple mistake.

Example: What if a preparer senses the taxpayer is not telling the truth? If, after conducting a thorough interview, the preparer still doubts the taxpayer's information, the taxpayer should be referred to a site manager. If preparers are not comfortable with the information provided by a taxpayer, there is no obligation to prepare the return.

5. Not engage in criminal, infamous, dishonest, notoriously disgraceful conduct, or any other conduct deemed to have a negative effect on the VITA program

This standard may sound over the top, but became necessary due to a few unscrupulous volunteers in the national VITA program committing acts such as: stealing refunds or committing other financial crimes. There has never been cause to be concerned about the integrity of P+P volunteers!

This standard also requires that P+P verify the identity of all participating volunteers and that all volunteers reside legally in the United States.

6. Treat all taxpayers in a professional, courteous, and respectful manner

P+P strives to maintain the confidence and esteem of the people we serve by providing tax and financial services in a manner that is professional, courteous, businesslike, and diplomatic. Understandably, the tax site atmosphere can, at times, contain high levels of stress, with taxpayers waiting extended periods of time, and volunteers dealing with the complexity of tax laws and software issues.

This environment can make anyone's patience run short! Remember to take a deep breath and remain calm to create a peaceful and friendly atmosphere. Reach out to a site manager for help dealing with a stressful situation or when a break is needed!

IRS CERTIFICATION INFORMATION

Volunteers must pass the required IRS certification tests prior to their first volunteer shift. At P+P, required tests vary by volunteer role.

Enrolled agents or certified public accountants:

- If enrolled agents volunteer as tax return preparers, quality reviewers, or instructors of specialty tax law courses, they may be eligible to receive continuing education (CE) credits for their volunteer service.
- Certified public accountants may be eligible for CE credits for attending live tax training.
- If interested in receiving CE credits, talk to the Volunteer Resources Department before testing, because special rules and procedures apply.

IRS CERTIFICATION TESTS AND PASSING SCORES

All test questions and scenarios are in Form 6744, *Volunteer Assistor's Test/Retest*. Other resources are available on IRS.gov to assist with studying for and taking the certification tests: Pub 4961, *Volunteer Standards of Conduct;* Pub 5101, *Intake/Interview & Quality Review Training*; Pub 4012, *Volunteer Resource Guide;* and Pub 4491, *VITA/TCE Training Guide.*

Volunteer Standards of Conduct (VSC): This test is required of all volunteers to ensure awareness of and understanding of the VSC requirements.

- ☑ Required for All P+P volunteers
- ☑ Passing score: 8 out of 10 correct

Intake/Interview and Quality Review: This test is required of all volunteers who will answer tax questions. New tax volunteers are required to view IRS Pub 5101 in addition to passing the test (access on irs.gov).

- ☑ Required for P+P Customer Support Volunteers
- ☑ Required for volunteers preparing/reviewing tax returns or answering tax questions.
- ☑ Passing score: 8 out of 10 correct

Basic Certification: A passing score on this test is required of volunteers certifying to prepare basic level returns. The scope chart in Pub 4012 shows the basic tax topics.

- ☑ Required for P+P volunteers who have completed **fewer than 80 hours** of preparing/reviewing tax returns or answering tax questions.
- ☑ Passing score: 24 out of 30 correct

Advanced Certification: A passing score on this test is required of volunteers certifying to prepare advanced level returns. The scope chart in Pub 4012 shows the advanced tax topics.

Note: Advanced level preparers do not need to take the basic certification test.

- ☑ Required for P+P volunteers with **more than 80 hours** of preparing/reviewing tax returns or answering tax questions.
- ☑ Passing score: 28 out of 35 correct

Federal Tax Law Update Test for Circular 230 Professionals: Volunteers who are authorized under Circular 230 to practice before the IRS and have extensive experience with low-income tax law may take this test in lieu of the Advanced Certification test. P+P volunteers who choose this test must confirm their qualifying professional designation with the Volunteer Resources Department when submitting Form 13615.

- ☑ Passing score: 12 out of 15 correct.

COMPLETING IRS CERTIFICATION TESTS

Volunteers must pass their certification tests before they show up for their first shift. They will receive Form 6744 (also available at IRS.gov) as a tool for taking the certification tests. Form 6744 contains the same questions and scenarios as the VITA/TCE Central test website.

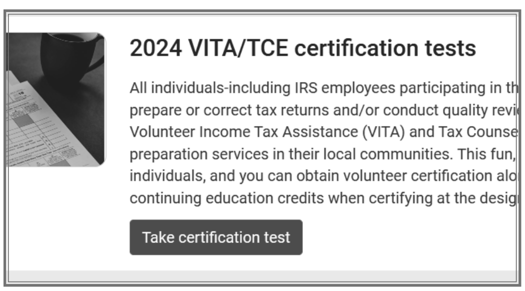
The final test submission must be done online at: **https://linklearncertification.com/**

TaxSlayer Practice Lab

In addition to the VITA/TCE Central test website and Form 6744, you will need to use the TaxSlayer Practice Lab to prepare tax returns before answering some questions (details on page 12).

How to complete the certification tests

1. Go to the VITA/TCE Central testing website at **https://linklearncertification.com/** and click "Sign in or create account" in the top right corner.
   - **For new volunteers**, click "Create new account."
     - » Choose your password and enter your info.
     - » Next, on the Group selection screen, do not select any of the roles and click "Create Account."
     - » Go to your email inbox to verify your account, so you can log in.
   - **For returning volunteers,** you can log in with your existing account.



2. Click the blue "Take certification test" button under "2024 VITA/TCE certification tests."

3. Select "Basic" or "Advanced" and then click "Start" to begin taking the required tests.

4. First you'll pass the Volunteer Standards of Conduct Test and the Intake/Interview and Quality Review Test.

5. Finally, pass the tax law certification test

Test tips and good practices

- It is best practice to take the test in the 6744 first, then transfer answers into the website.
- Don't panic! Each test allows a retest if a passing score is not obtained on the first attempt.
- Take breaks. Tests generally take several hours to complete. Stop for a break any time and return later to finish.
- Use resources often. These are "open book" tests, so use this manual, Pub 4012, Pub 4491, and general internet searching as needed.

Continuing Education: Volunteers who are pursuing continuing education (CE) credits should select their CE role when registering on the VITA/TCE Central website, and contact P+P's Volunteer Resources Department before testing if interested in CE credits.

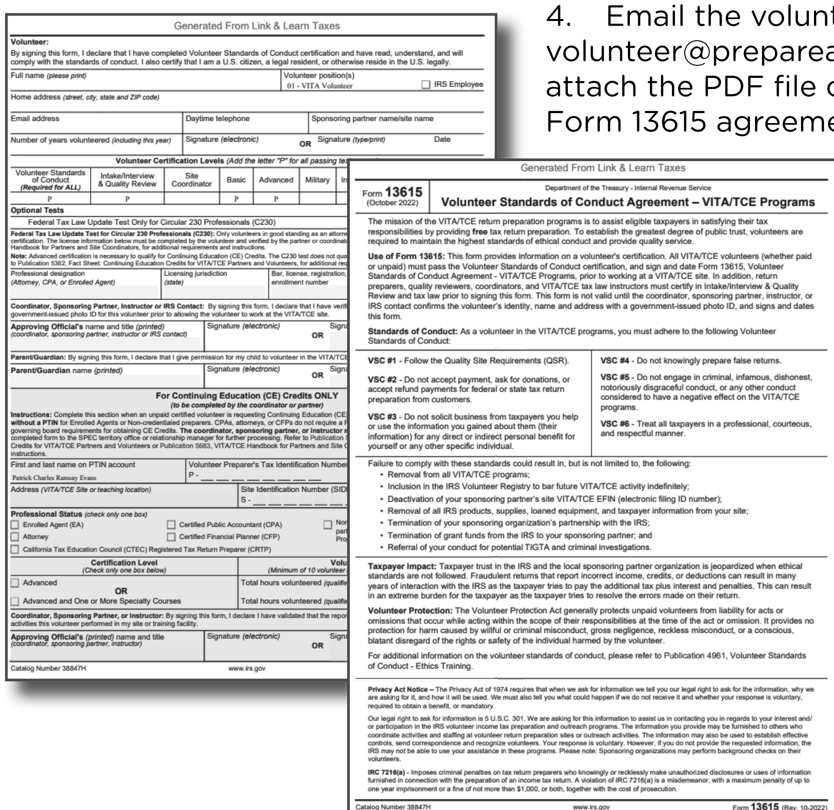
PTIN: Volunteers who have a PTIN should enter it.

FORM 13615, VOLUNTEER STANDARDS OF CONDUCT AGREEMENT

After completing the certification tests, **volunteers must email a signed copy of Form 13615**, *Volunteer Standard of Conduct Agreement-VITA Programs* to the P+P Volunteer Resources Team at volunteer@prepareandprosper.org.

How to generate the signed Form 13615

1. Navigate back to the VITA/TCE Central homepage: **https://linklearncertification.com/**
2. Click "Sign Form 13615."
3. In the "Volunteer agreement" section, select:
   - Training Source: "Other."
   - Enter "Prepare + Prosper" as the sponsoring partner name/site name
   - Select years you have volunteered
   - If applicable, pick a professional designation
   - Volunteer Position: "VITA Volunteer"
   - Click "I agree..." and "Sign Form 13615"
   - Next, click "Download signed form."
4. Email the volunteer resources team volunteer@prepareandprosper.org and attach the PDF file of the downloaded Form 13615 agreement, shown here.



Generated From Link & Learn Taxes

Form **13615** (October 2022) — Department of the Treasury - Internal Revenue Service

Volunteer Standards of Conduct Agreement – VITA/TCE Programs

The mission of the VITA/TCE return preparation programs is to assist eligible taxpayers in satisfying their tax responsibilities by providing **free** tax return preparation. To establish the greatest degree of public trust, volunteers are required to maintain the highest standards of ethical conduct and provide quality service.

Use of Form 13615: This form provides information on a volunteer's certification. All VITA/TCE volunteers (whether paid or unpaid) must pass the Volunteer Standards of Conduct certification, and sign and date Form 13615, Volunteer Standards of Conduct Agreement - VITA/TCE Programs, prior to working at a VITA/TCE site. In addition, return preparers, quality reviewers, coordinators, and VITA/TCE tax law instructors must certify in Intake/Interview & Quality Review and tax law prior to signing this form. This form is not valid until the coordinator, sponsoring partner, instructor, or IRS contact confirms the volunteer's identity, name and address with a government-issued photo ID, and signs and dates this form.

Standards of Conduct: As a volunteer in the VITA/TCE programs, you must adhere to the following Volunteer Standards of Conduct:

VSC #1 - Follow the Quality Site Requirements (QSR).

VSC #2 - Do not accept payment, ask for donations, or accept refund payments for federal or state tax return preparation from customers.

VSC #3 - Do not solicit business from taxpayers you help or use the information you gained about them (their information) for any direct or indirect personal benefit for yourself or any other specific individual.

VSC #4 - Do not knowingly prepare false returns.

VSC #5 - Do not engage in criminal, infamous, dishonest, notoriously disgraceful conduct, or any other conduct considered to have a negative effect on the VITA/TCE programs.

VSC #6 - Treat all taxpayers in a professional, courteous, and respectful manner.

Failure to comply with these standards could result in, but is not limited to, the following:
- Removal from all VITA/TCE programs;
- Inclusion in the IRS Volunteer Registry to bar future VITA/TCE activity indefinitely;
- Deactivation of your sponsoring partner's site VITA/TCE EFIN (electronic filing ID number);
- Removal of all IRS products, supplies, loaned equipment, and taxpayer information from your site;
- Termination of your sponsoring organization's partnership with the IRS;
- Termination of grant funds from the IRS to your sponsoring partner; and
- Referral of your conduct for potential TIGTA and criminal investigations.

Taxpayer Impact: Taxpayer trust in the IRS and the local sponsoring partner organization is jeopardized when ethical standards are not followed. Fraudulent returns that report incorrect income, credits, or deductions can result in many years of interaction with the IRS as the taxpayer tries to pay the additional tax plus interest and penalties. This can result in an extreme burden for the taxpayer as the taxpayer tries to resolve the errors made on their return.

Volunteer Protection: The Volunteer Protection Act generally protects unpaid volunteers from liability for acts or omissions that occur while acting within the scope of their responsibilities at the time of the act or omission. It provides no protection for harm caused by willful or criminal misconduct, gross negligence, reckless misconduct, or a conscious, blatant disregard of the rights or safety of the individual harmed by the volunteer.

For additional information on the volunteer standards of conduct, please refer to Publication 4961, Volunteer Standards of Conduct - Ethics Training.

Catalog Number 38847H — www.irs.gov — Form **13615** (Rev. 10-2022)

> **Legal name vs. preferred name**
>
> IRS guidelines require that volunteers submit Form 13615 listing their legal name. If needed, update account information on the VITA/TCE Central website. P+P will use your preferred name whenever IRS does not require a legal name. Contact the P+P Volunteer Resources Department with questions at volunteer@prepareandprosper.org.

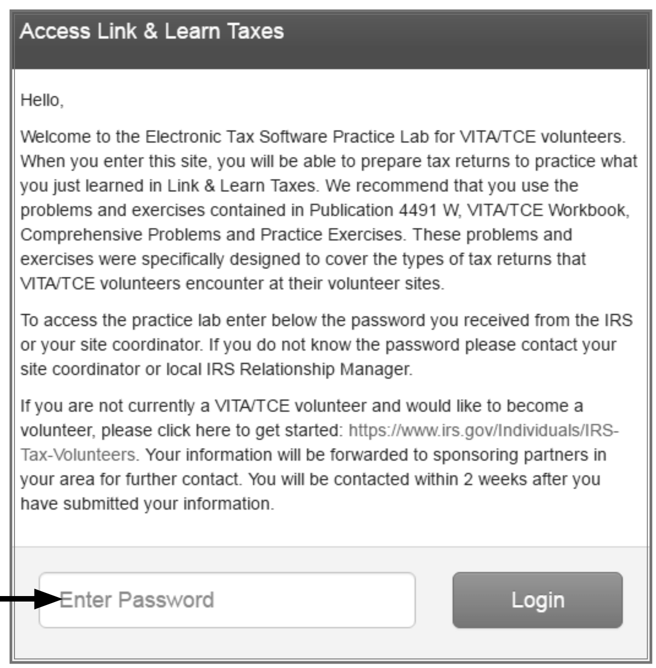
THE TAXSLAYER PRACTICE LAB

The TaxSlayer Practice Lab provides a simulated learning environment of the TaxSlayer Pro Online software to allow volunteers to practice using the software and to prepare the returns required for the certification tests.

1. Access the TaxSlayer Practice Lab software at the website: **vita.taxslayerpro.com/IRSTraining**
2. Use this generic password every time you enter the lab: TRAINPROWEB
3. Create a username and password (or use a previously created account).
4. When registering:
   - Select "VITA" as the program type
   - Skip the entry for SIDN
   - Set a password recovery question and answer.
5. Click the "Go to Practice Lab" button to start practice returns using TaxSlayer. See page 21 for information about starting a new return.

TaxSlayer Practice Lab

vita.taxslayerpro.com/IRSTraining



Enter TRAINPROWEB as the password.

After logging in to the Practice Lab, helpful information is available on the Practice Lab home screen (including practice problems and training videos).

INTAKE + INTERVIEW PROCESS

IDENTITY AND SSN/ITIN VERIFICATION

The IRS requires that every taxpayer at a VITA site provide photo identification and verification of their Social Security number (SSN) or Individual Taxpayer Identification Number (ITIN). Volunteers must view photo ID for the taxpayer and spouse (if applicable) and confirm that SSN/ITIN documentation is available for all people on the return.

Acceptable photo ID options:

- Drivers license
- Employer/school ID
- Passport
- State/national ID card

Exceptions to requiring a photo ID can only be made by the site manager

Acceptable SSN/ITIN documentation:

- Social Security card
- Prior-year tax return
- Form SSA-1099
- SSA benefit letter/statement
- ITIN letter
- Letter from IRS or Minnesota Revenue

PREPARE + PROSPER INTAKE FORMS

A taxpayer's intake paperwork is an essential tool for preparing an accurate tax return. It also ensures that a taxpayer understands the process and is aware of all the service options available from Prepare + Prosper.

Making notes on the intake paperwork is essential. Add notes directly on the paper copies of the intake paperwork or in a digital format that is easy for another volunteer or staff member to review. Remember, every return will be looked at by several people, so note anything that might be helpful to the next person looking at the taxpayer's information.

2024 Prepare + Prosper intake paperwork

New IRS Form 13614-C: The Intake/Interview & Quality Review Sheet is new and updated for tax year 2024! Guidance on the changes can be found in the Pub 4012, Tab B, starting on page B-6, *Job Aid for Volunteers*.

Form 13614-C is required by the IRS for all VITA sites to facilitate the Intake/Interview process.

- Page 1: Review all information on Page 1 before using Tabs B and C to determine Dependency Exemptions and Filing Status.
- Pages 2-3: During the interview, verify with taxpayer that each checked box on the left (unshaded) side of page is applicable to their situation. Check the boxes in the "To be completed by certified preparer" sections (shaded area) to indicate the item has been verified with the taxpayer. Unchecked boxes on Pages 2 and 3 must be addressed with the taxpayer and annotated "No" or "N/A" if any items do not apply to the taxpayer.
- Page 5: Taxpayers can list additional names for anyone living with them last year.
- Form 13614-C helps determine the IRS tax certification level needed to prepare the return and identifies some out of scope items as well. See page 17 for more on scope of service.

P+P Tax Intake Sheet: This form is P+P-specific. It asks demographic questions and gives customers the option to sign up for updates from P+P. This form also collects signatures giving consent for limited data sharing (more on page 34), collects direct deposit and direct debit information, and asks for tax info needed to prepare a Minnesota tax return.

P+P Boost Your Money Form: This form is P+P-specific. Customer support volunteers use it to connect customers to relevant financial products and referrals. These include P+P services, like the Save + Win contest, Money Mentors financial coaching, or FAIR banking. The form also screens for interest in services offered by trusted P+P partners.

PREPARE + PROSPER FINANCIAL SERVICES

Tax time is a unique moment for taxpayers to get in touch with their financial goals. P+P customer support volunteers are equipped with resources to help taxpayers take action. Tax preparers should make sure customer support volunteers receive each taxpayer's completed Boost Your Money form so they can connect the taxpayer to requested resources.

WHAT FINANCIAL SERVICES ARE AVAILABLE?

Financial referrals

Customer support volunteers (CSVs) can help taxpayers take the next step toward financial goals like increasing savings, reviewing or boosting credit, or reducing debt. Next steps might look like ordering a credit report or referrals to the programs below. (A full referrals menu is available at each preparer station):

- financial coaching with P+P's Money Mentors program
- financial counseling with LSS of Minnesota,
- or financial planning with P+P's Certified Financial Planner volunteers

REFUNDS + FINANCIAL SERVICES

Save + Win Savings Contest

Taxpayers have a chance to win $100 in the Save + Win Savings Contest.

- To qualify, taxpayers save at least $50 of their Federal, Minnesota, or property tax refund.
- Taxpayers are eligible if they put their entire refund into savings, or if they split their refund and have at least $50 go into savings.
- **Taxpayers must talk to a customer support volunteer to join the contest.**

Direct deposit

Direct deposit is the fastest, safest way for taxpayers to receive their refunds. Ask taxpayers who do not provide routing and account numbers if they need a new direct deposit option, or if it's possible to look up the information for an existing account.

New direct deposit options

- **FAIR:** Taxpayers may open a new checking or savings account with FAIR, a P+P program. A CSV can request an appointment for the taxpayer to sign up for a FAIR bank account.
- **CFR Prepaid debit card:** A CSV or site manager can open a new CFR card onsite.

Existing accounts

If a taxpayer does not provide their routing and account numbers, check here:

- Online banking website
- Bank statement or other account documents
- Last year's tax return (if no change to account)
- If taxpayer has their account number, use the routing number guide on page 31.
- If taxpayer opened a CFR prepaid debit card with P+P in a previous year, a manager or CSV can look up the account information.

TAXPAYERS WITH ITINS

What is an ITIN?

ITIN stands for Individual Taxpayer Identification Number. An ITIN is a nine-digit number issued by the IRS to individuals who don't have a Social Security Number (SSN), or are ineligible for one. ITINs allow taxpayers to meet their tax filing requirements and receive certain tax credits. **ITINs always begin with "9".**

ITINs may be issued for a taxpayer's dependent who resides in the U.S., Mexico, or Canada, and for a spouse residing in any country. IRS policy allows an ITIN to be issued to a dependent only when it results in a federal tax benefit (for example, a parent who qualifies the taxpayer for the Head of Household filing status).

Preparing returns for ITIN holders requires extra considerations:

- **ITINs must be verified** with a source document — an ITIN letter from the IRS or a prior-year tax return. Use the ITIN and name listed on the source document to start the tax return and to enter spouse or dependent information.
- **Credit eligibility:** Taxpayers using an ITIN are ineligible for many tax credits. Families that include some members with ITINs and some with SSNs may qualify for credits that an ITIN holder is ineligible for when filing on their own. Check specific eligibility criteria using the credit sections of this manual and Pub 4012.
- **Form W-2 will show a placeholder SSN** for ITIN holders, instead of the taxpayer's ITIN.

- **Enter the placeholder SSN** when inputting form W-2 in TaxSlayer, just as it's shown on the paper form W-2. Don't enter the placeholder SSN anywhere else.
- If the SSN is **masked/truncated** on Form W-2 (the first 5 digits are replaced by Xs or asterisks), follow these steps: **1.** Search for the full placeholder SSN on a prior-year tax return or tax document. **2.** If not found, ask the taxpayer if they know the placeholder SSN. **3**. If unsure, paper-file the return using 111-00-1111 as the SSN entry on Form W-2.

ITIN Applications and renewals at Prepare + Prosper

To obtain an ITIN, a taxpayer must submit Form W-7, identity verification, and foreign status documentation by mail along with a federal tax return. P+P has Certified Acceptance Agents (CAAs) who can assist.

If a taxpayer or dependent needs to apply for an ITIN or renew an expired ITIN, complete the tax return and advise them to call P+P at 651-262-2177 to schedule an ITIN application appointment to complete Form W-7.

ITIN holders must renew an ITIN if it has not been used on a federal return in the last three tax years (2021, 2022 or 2023). If the taxpayer does not renew before filing, it will delay return processing. If an ITIN is not renewed before the filing deadline, the taxpayer will not be eligible for certain credits.

Special preparation instructions for ITIN applications and renewals

- Form W-7 will be completed by the CAA. **Do not complete Form W-7 in TaxSlayer.**
- When the taxpayer is **applying for a new ITIN**, they will not have an ITIN source document. Use this placeholder number during preparation: 999-7X-XXXX. Fill in the X's with the last 5 digits of the taxpayer's phone number.
- When the taxpayer is **renewing an ITIN**, use the ITIN that is awaiting renewal. The taxpayer should provide a source document with the number.
- Returns with an ITIN application or an ITIN renewal **cannot be e-filed.** The return will be mailed along with the Form W-7 that is completed at the appointment with a CAA.

SCOPE OF SERVICE

VITA sites nationwide have a shared scope of service. Preparing returns that are out of scope violates the VITA Volunteer Standards of Conduct. Use the scope charts, the taxpayer's intake forms, and the tax interview to verify that a return is in scope and matches the volunteer's certification level.

Pub 4012 (pages vi through xxi) has an extensive chart outlining VITA scope. **Always consult the chart in Pub 4012 if the P+P manual is unclear.** P+P has some specialized services, outlined below, that require an appointment with specific volunteers or staff.

P+P income guidelines	In scope at P+P	Special appointment required	Out of scope
Income is $40,000 or less for a single taxpayer with no dependents	x		
Income is $70,000 or less for a married or single taxpayer with dependents, or taxpayers with self-employment income (see next chart section, below)	x or	651-262-2169	
Income is over limits stated above ***(check with site manager for exceptions)***			x
Self-employment income	**In scope at P+P**	**Special appointment required**	**Out of scope**
Self-employment income is from: • Driving a taxi cab • Acting as a clergy member • Farming or hobbies • Rental property • Day trading • Participating in a corporation or partnership • Owning a business with employees			x
Self-employment gross income is $10,000 or more		651-262-2169	
Self-employment income of any amount (and still meeting P+P income guidelines) and taxpayer has: • Inventory • More than one business • Day care in the home • Direct sales (Tupperware, Avon, etc.) • Depreciation of assets • Deduction for business use of the home • Single member LLC		651-262-2169	
Self-employment gross income up to $10,000 including: • Paper carrier, Uber or Lyft driver, Doordash, etc. • Income reported on 1099-K (including Uber and Lyft)	x		
Tax return amendments	**In scope at P+P**	**Special appointment required**	**Out of scope**
Needs an amendment for a return that **WAS prepared** earlier at a P+P tax site		651-262-2167	
Needs an amendment for a return that **WAS NOT prepared** at a P+P tax site originally		See note on page 176	

Minnesota property tax refund	In scope at P+P	Special appt required	Out of scope
Needs property tax return prepared, and federal or state return **WAS** prepared earlier at a P+P tax site		Provide Homeowner + Renter handout	
Needs property tax return prepared, and federal or state return **WAS NOT** prepared at a P+P tax site	See page 173		
Other tax issues	**In scope at P+P**	**Special appt required**	**Out of scope**
Form 1099-A, Abandonment of Property, or 1099-C, Cancellation of Debt from main home foreclosure		651-262-2159	
Form 1099-C, Cancellation of Debt for nonbusiness credit card	See page 89		
Forgiven student loan debt	See page 88		
IRS Form 1099-C, Cancellation of Debt for business credit card, repossessed vehicle, or other			x
Bankruptcy pending in or started in the tax year			x
Auto donation over $500 with or without Form 1098-C			x
Non-cash (clothing, furniture, etc.) donations over $500 (must be reported on Form 8283)			x
Form 1099-Q, payments from qualified education program			x
Lives in a group home facility or nursing home	x or	651-262-2176	
Lump-sum Social Security payments	See page 71		
Schedule K-1 reporting interest, dividends, capital gains/losses, tax-exempt interest, or royalty income	See page 91		
Schedule K-1 with income other than listed above			x
Kiddie Tax on Form 8615			See page 129
Royalty income reported on Form 1099-MISC, box 2	x		
Form W-2 with income from states other than Minnesota	Federal & MN returns only		Non-MN state return
Moving expenses or adoption credit			x
Casualty or theft loss			x
Active military income (refer to MN Revenue website)			x
International student or nonresident alien, Form 1040-NR			See page 38
Form 1042-S for a foreign person's US source income			x
Divorced or legally separated, sharing health care premiums for a MNsure plan and filing separate returns			x
Married during the tax year and at least one person within the family received the advance PTC during the tax year			x
ITIN application or renewal		651-262-2177	

TAXSLAYER

LOGGING IN TO TAXSLAYER

TaxSlayer has both a Practice Lab and a live version called Pro Online, both found online at **vita.taxslayerpro.com**

- **Practice Lab** version is for preparing sample returns required for the IRS certification tests and practicing with the software. See page 12 for Practice Lab log-in instructions.
- **Pro Online** is used to prepare and process returns for taxpayers. Many tips in this section are relevant only to the Pro Online version of the software.

Username: Site coordinators will provide a unique username that is connected to each volunteer's personal email address and a specific tax site location. At P+P, the Volunteer Resources Department will send this out to volunteers before the tax season begins. Volunteers will have more than one username if they volunteer at more than one tax site location.

Password: Passwords must be changed every 90 days. Volunteers set their own passwords and can use the "Forgot Password" feature to reset them if needed.

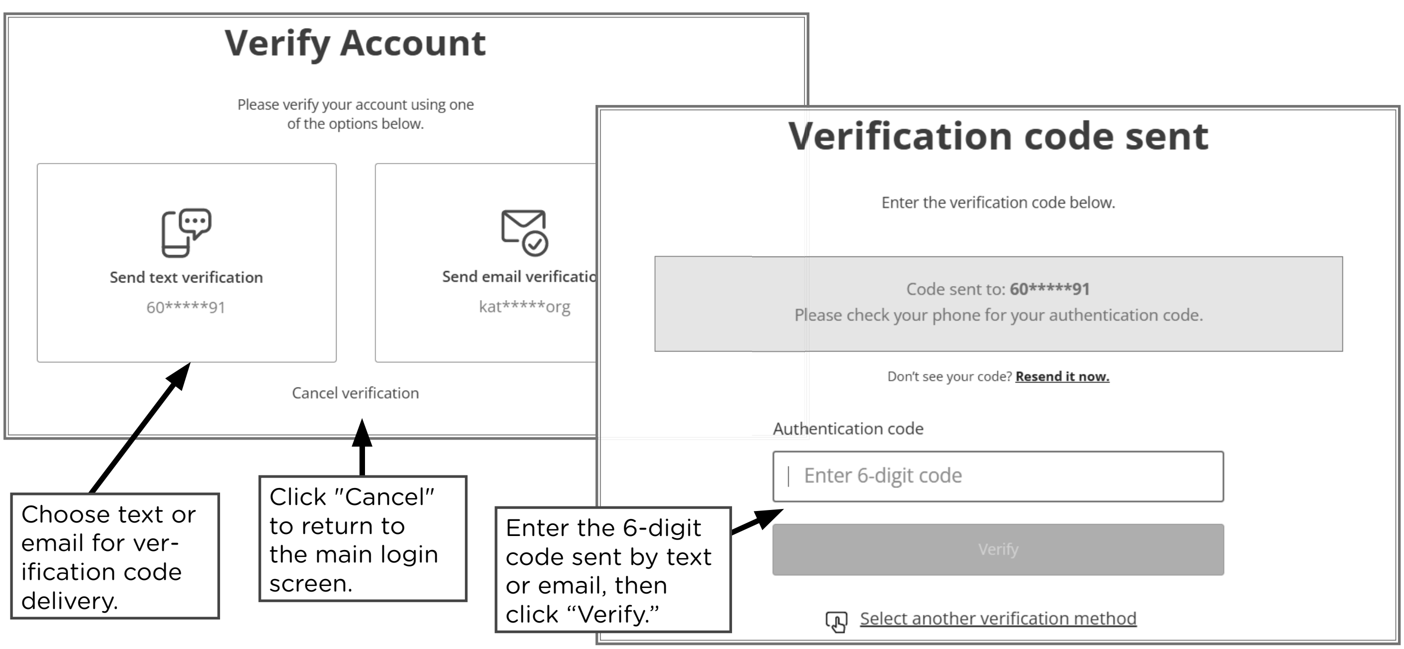
Keep usernames and passwords secure Taxpayer data can be stolen if an unauthorized user logs in to TaxSlayer. Do not share usernames or passwords, and do not keep them in a location that is easy to access.

Data security tip: Don't write down a password in full, unless it's kept in a very secure location. Instead, keep a password hint as a reminder.

Multi-factor authentication: Multi-factor authentication makes the TaxSlayer sign-in process more secure against cyber-security threats.

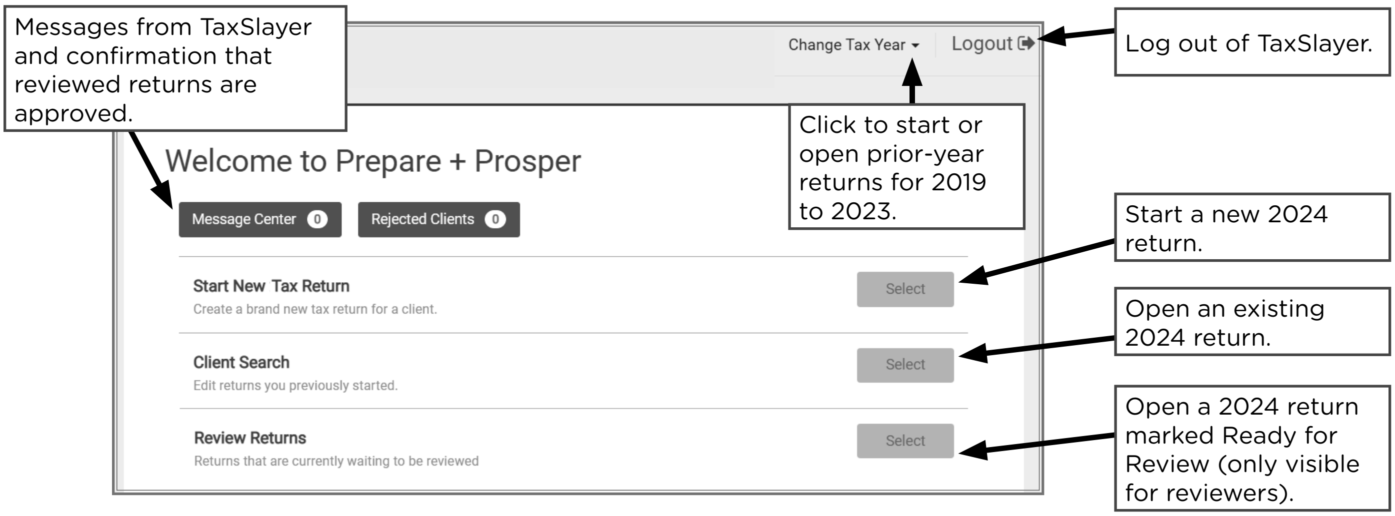
Volunteers will need a verification code to log in. The code can be sent via text message or by email. Text message is the most efficient method. Volunteers should notify their site coordinator of any changes in phone numbers or email addresses.

Time out: TaxSlayer times out after 15 minutes of inactivity. If this happens, log in again to continue tax preparation. No verification code will be required.



STARTING A RETURN

TaxSlayer office



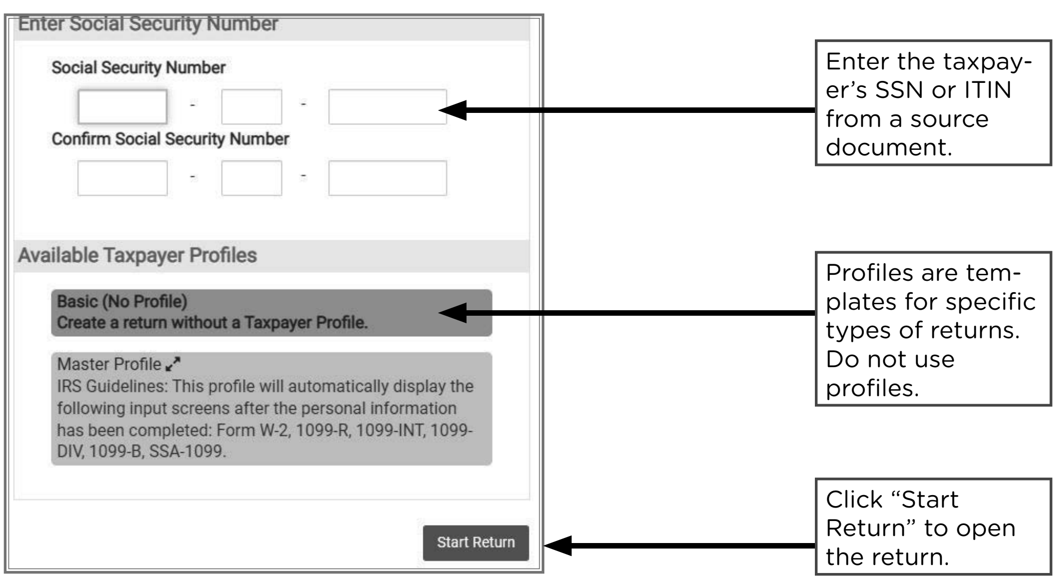
When preparing returns for multiple years, start with the oldest return and move forward in order. Carryforward data (see page 22) from the previous tax year, makes preparation faster.

ENTERING A SOCIAL SECURITY NUMBER OR ITIN

To start a return, enter the taxpayer's Social Security number (SSN) or Individual Taxpayer Identification Number (ITIN). Use a source document such as a Social Security card or ITIN letter. A copy or image of those documents is acceptable.

If the taxpayer's number is entered incorrectly, correct the number in the Personal Information section.

If a return has already been created with the SSN/ITIN, connect with a manager to reassign the return to the correct username.

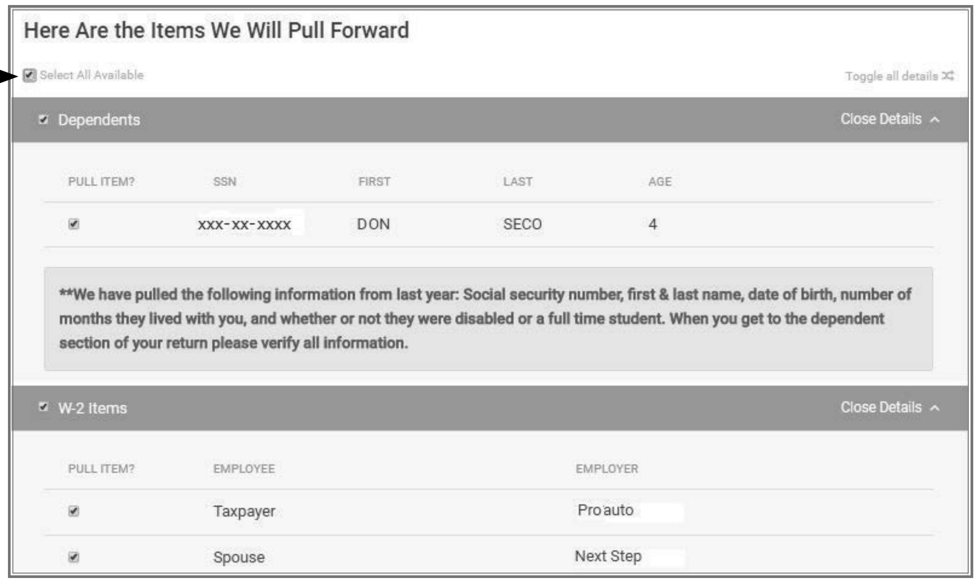


USING CARRYFORWARD DATA

Taxpayer data from a return prepared the year prior may be available. If so, a TaxSlayer screen will ask what data to pull forward into the new tax return. Review the information and check the boxes for data that stayed the same from the prior year. Always verify the data using intake sheets and source documents, because taxpayers may have moved, changed jobs, etc.

Carryforward data

Keep this check box selected if the taxpayer's tax situation has not changed, or select items individually below.



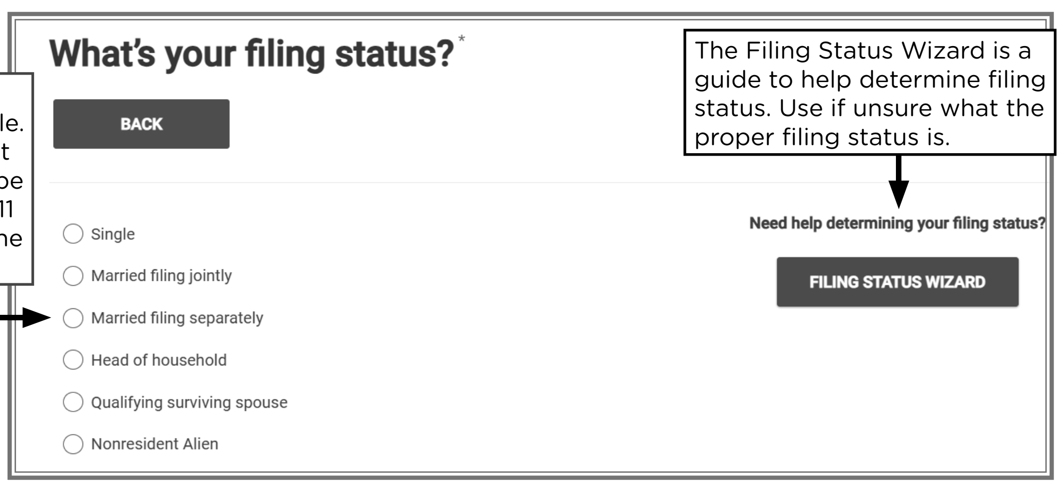
FILING STATUS

Determining taxpayer filing status

Basic Info » Filing Status
Search keyword: N/A

MFS: Must have spouse's name and SSN/ITIN to e-file. If spouse information is not available, the return must be paper-filed. Enter 111-00-1111 as a placeholder SSN for the spouse.

The Filing Status Wizard is a guide to help determine filing status. Use if unsure what the proper filing status is.



Determining the correct filing status can be complicated! Use the marital status and dependency questions on Form 13614-C and the information starting on page 45 to determine the correct status for each taxpayer.

PERSONAL INFORMATION

Turn on Caps Lock before starting the return. Most information in the Personal Information section comes from page 1 of Form 13614-C.

Enter the name of the taxpayer exactly as it appears on the source document. Include a hyphen or space between last names if shown on the source document.

If taxpayer SSN/ITIN was entered incorrectly when starting the return, correct it here.

Enter the date of birth and occupation from Form 13614-C.

Check boxes if applicable to the taxpayer. These situations impact other calculations.

This topic is out of scope for P+P. Specialized VITA certification and training are required.

These topics are out of scope for P+P.

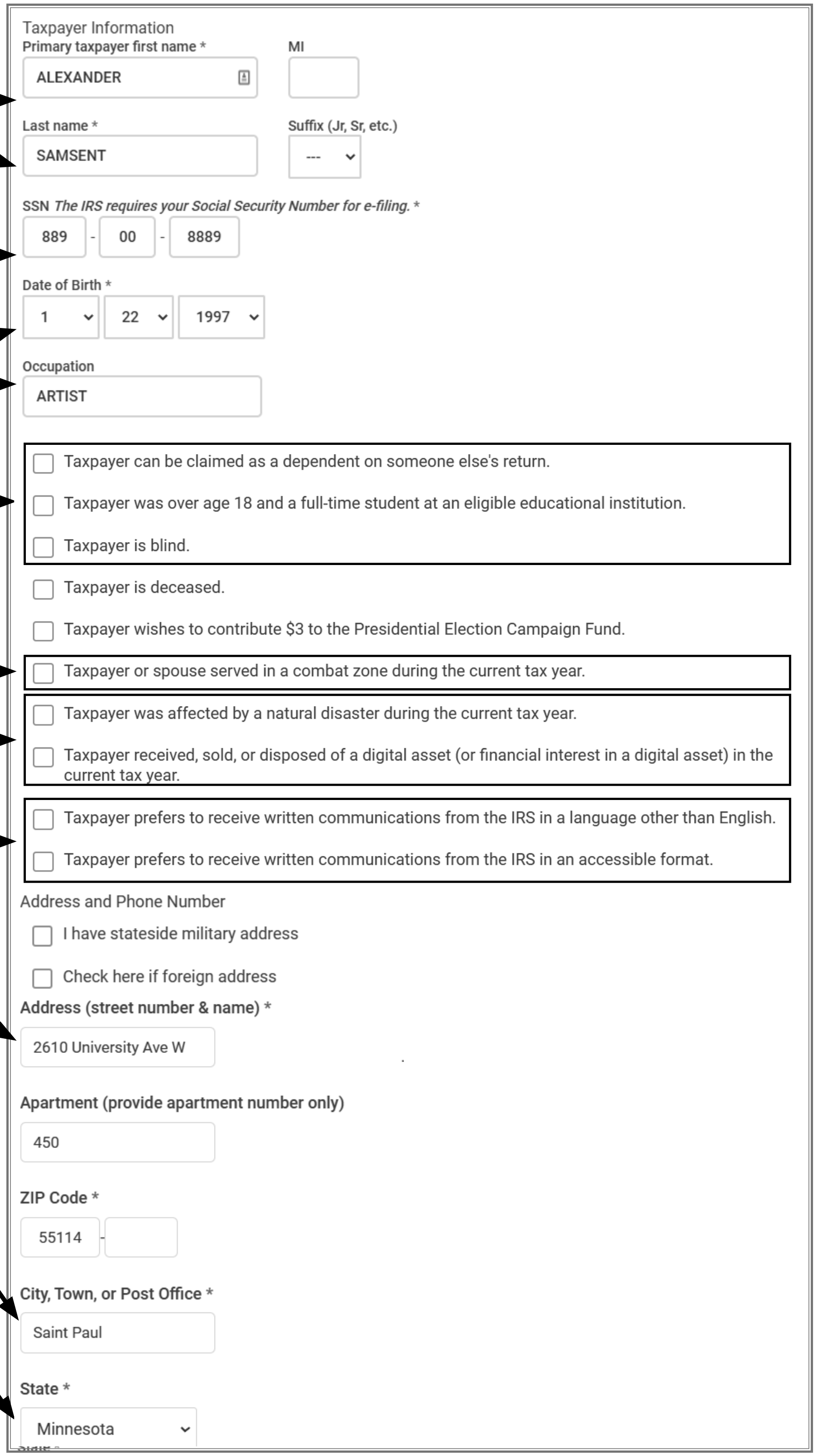
Check if a language other than English or an accessible format (like large print or Braille) is better for the taxpayer. Additional options will appear when selected.

Enter address from Form 13614-C.

The city auto-populates from the zip code. If it is incorrect, change it. This is important for data collection.

Double check the residency state if the taxpayer recently moved to Minnesota.

If the taxpayer does not want to list a telephone number, use 800-000-0000.


Taxpayer Information

Primary taxpayer first name * ALEXANDER

MI

Last name * SAMSENT

Suffix (Jr, Sr, etc.) ---

SSN *The IRS requires your Social Security Number for e-filing.* * 889 - 00 - 8889

Date of Birth * 1 22 1997

Occupation ARTIST

- Taxpayer can be claimed as a dependent on someone else's return.
- Taxpayer was over age 18 and a full-time student at an eligible educational institution.
- Taxpayer is blind.
- Taxpayer is deceased.
- Taxpayer wishes to contribute $3 to the Presidential Election Campaign Fund.
- Taxpayer or spouse served in a combat zone during the current tax year.
- Taxpayer was affected by a natural disaster during the current tax year.
- Taxpayer received, sold, or disposed of a digital asset (or financial interest in a digital asset) in the current tax year.
- Taxpayer prefers to receive written communications from the IRS in a language other than English.
- Taxpayer prefers to receive written communications from the IRS in an accessible format.

Address and Phone Number

- I have stateside military address
- Check here if foreign address

Address (street number & name) * 2610 University Ave W

Apartment (provide apartment number only) 450

ZIP Code * 55114 -

City, Town, or Post Office * Saint Paul

State * Minnesota

NAVIGATING A RETURN

TAXSLAYER ICONS

Continue: This button is used to move on to the next screen or section. Click Continue to save data entered on the screen.

Cancel: This button is used to move on from the screen you are on without saving any data entered.

Pencil: The blue pencil icon allows data to be entered into the item or section.

Trash: The red trash can will delete an item completely from the return.

Edit: The Edit button indicates that information has been entered. Click to change or update information.

Begin: The Begin button indicates that nothing has been entered.

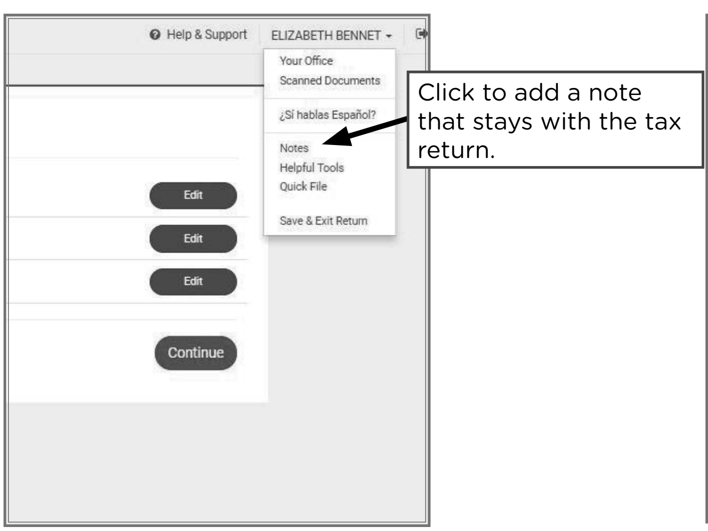
Refund + AGI monitor: The monitor shows AGI as well as federal and Minnesota refunds.

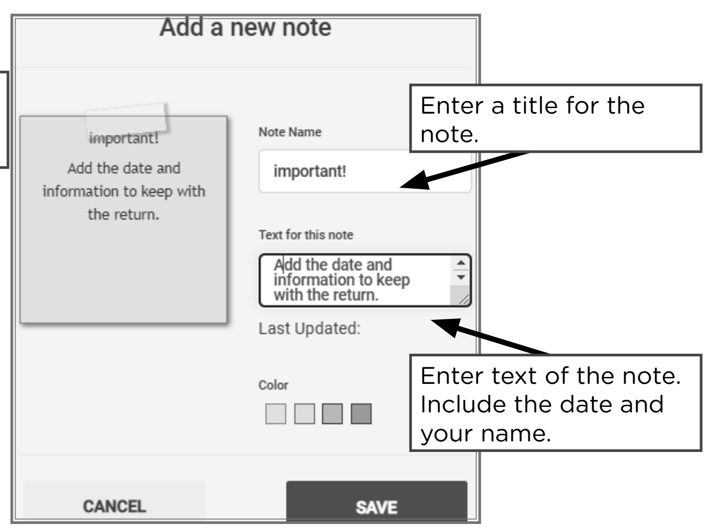
Refunds will fluctuate as new, relevant information is added.

ADD NOTES IN TAXSLAYER

Add notes about unique circumstances. Notes will carry forward with the tax return, so add the date to the note. Write notes when:

- Filing with Power of Attorney (POA). Include representative's name.
- Paper-filing. Include the reason the return will not be e-filed.
- The return is incomplete. Include why it is unfinished (e.g., list missing documents).





LEFT-HAND MENU

Left-hand menu: Returns should generally be prepared in menu order by moving from section to section in this order:

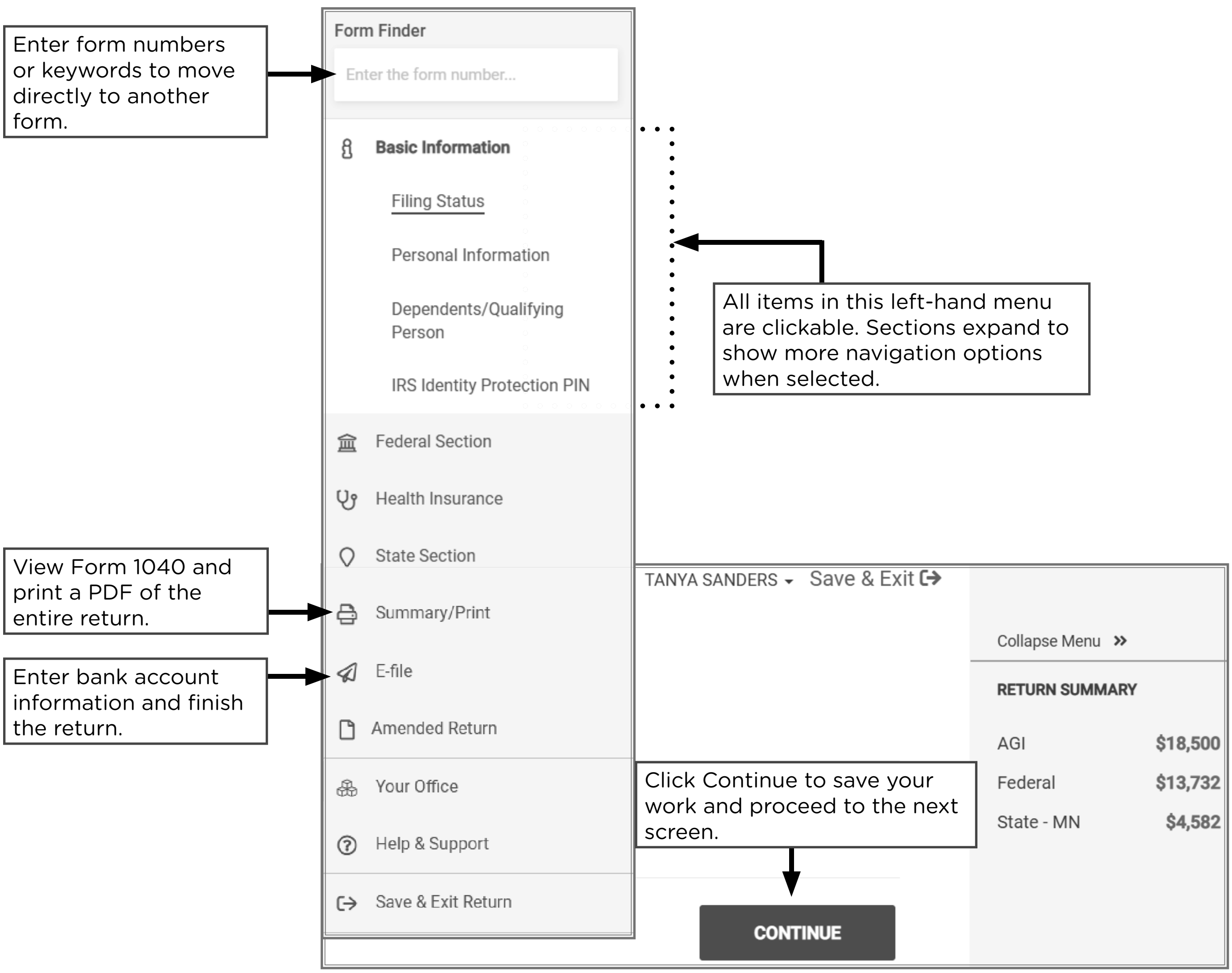
Basic Information » Federal » Health Insurance » State » Summary/Print » E-file

Use the left-hand menu to skip to relevant sections instead of using the "Continue" button.

- After completing entries in the Federal Section, click on Health Insurance, and then click "Continue" to move on to the State Section.
- Click on Summary/Print OR Preview Return at any time during the preparation process to see Form 1040 details or a PDF of the entire return.
- Click "E-File" when ready to finish return.

Search bar: Enter form numbers or keywords in the search box above the left-hand menu to jump directly to that form's section. Keywords are listed throughout the P+P Volunteer Tax Manual and in Pub 4012, Tab O, starting on page 0-10, *Navigating TaxSlayer.*

- Use the search box when comparing different tax scenarios that require data entry in multiple sections, such as with education credits.
- When searching, enter the minimum number of letters or numbers needed to see a form in the drop-down menu.



SUMMARY/PRINT

The Summary/Print Section allows printing a PDF of the entire return by clicking the View/Print Return button. From this section, click the Go To Last Checkpoint button to jump directly to the last screen worked on before visiting this page.

The Summary/Print section has two view options, Summary View and 1040 View. Toggle between them using the green button in the upper-right corner.

In the Summary View, sections can be expanded to show each part of Form 1040 (e.g., income, adjustments, credits) by clicking on Show Details.

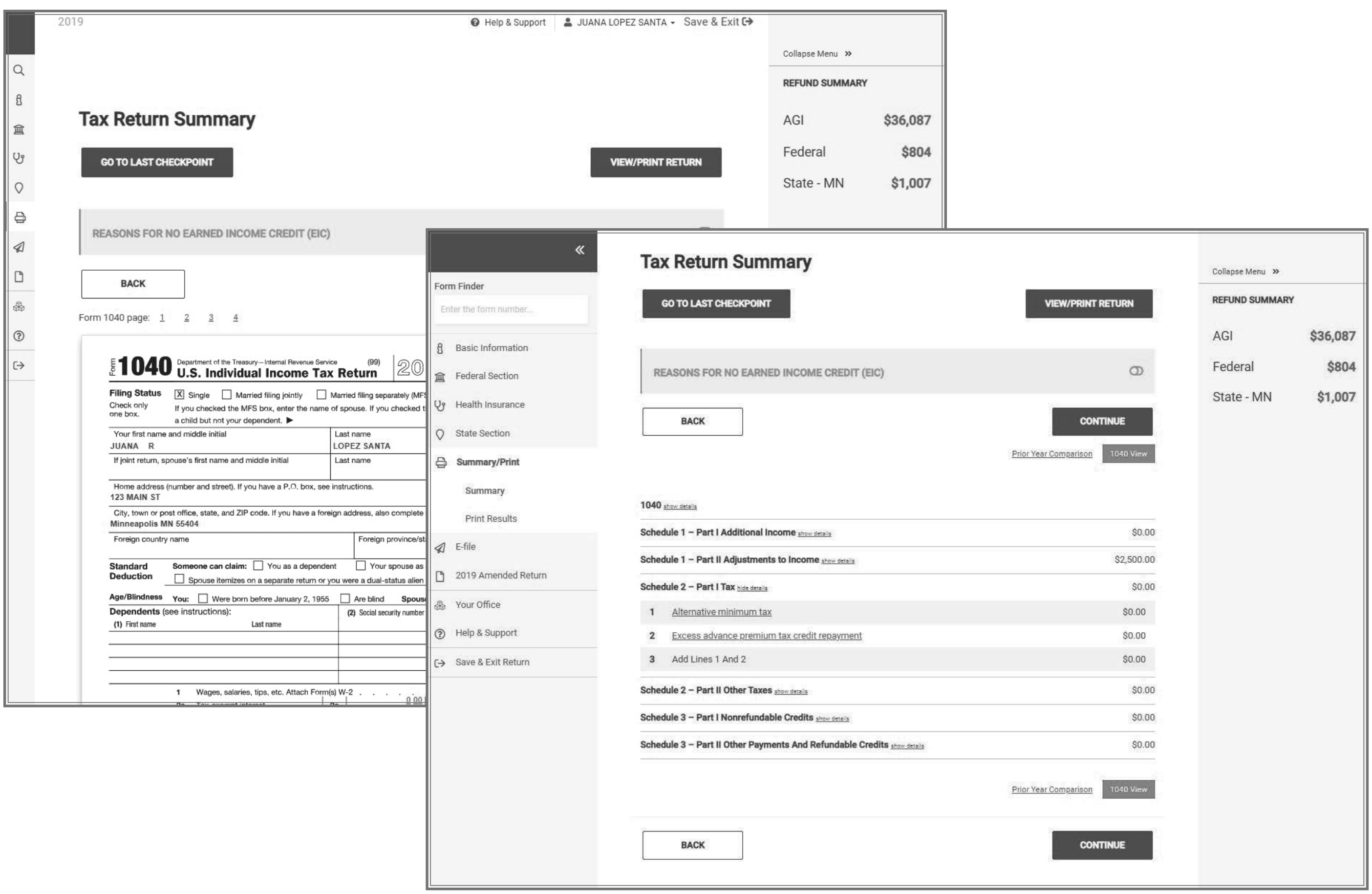
- Click on the blue text to go directly to entries for that form or section (e.g., click the text "Wages, salaries, tips, etc." to jump to the W-2 section).

The 1040 View displays the entire 1040. In this view, the left-hand menu collapses. Click anywhere on the minimized menu to expand it.

- Use page links above and below the 1040 image to display page 2 of the 1040 or to display Schedules 1, 2, or 3.
- Click on the blue text to jump directly to entries for that form or section.

Summary View and 1040 View

Summary/Print Section



FINISHING A RETURN

REVIEWING NOTES AND ERRORS

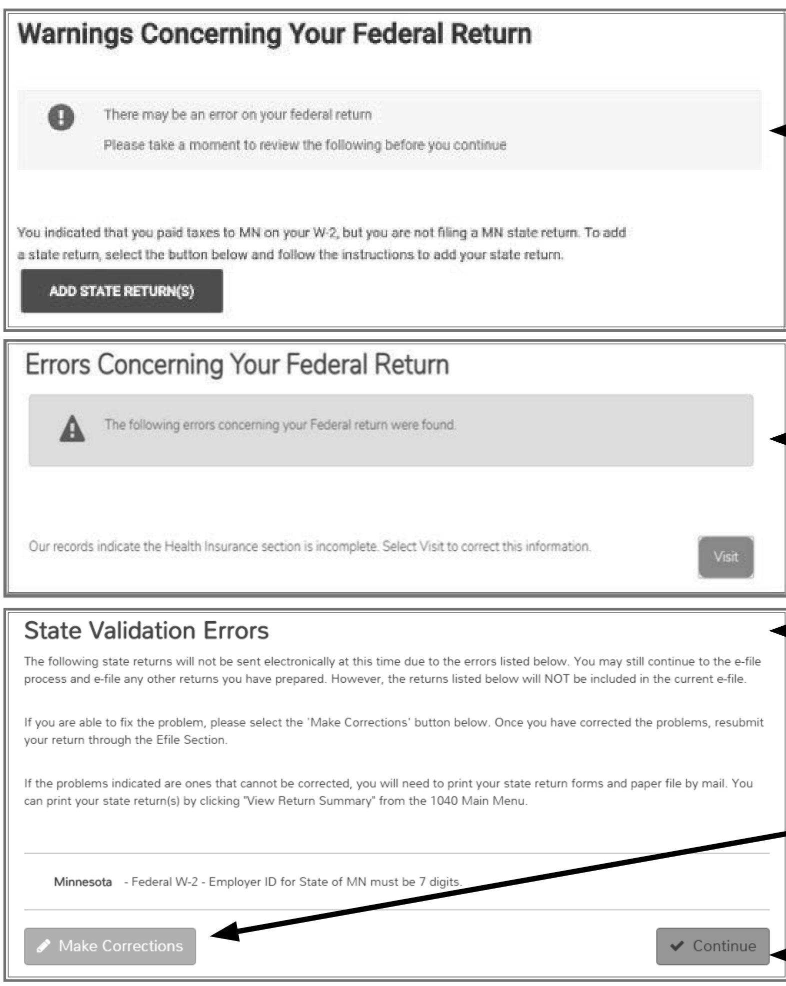
If there are errors in the return, a federal return error or state validation error screen will appear in the E-file section in TaxSlayer.

Preparers should correct all errors before sending the return to review. If errors cannot be resolved prior to review, add a note to the return with the date and an explanation. Return notes are also displayed in the E-file section in TaxSlayer.

- **Yellow alert warnings** should be considered but often do not require changes.
- **Red alert errors** must be fixed in order to continue or finish the return.
- **State validation errors** must be addressed because the state return cannot be e-filed until they are resolved, even if the federal return is transmitted.

Return errors

E-file



Review the yellow warnings carefully. Some will not require changes. Use the Back button or the left-hand navigation menu to visit the areas that need corrections.

Red errors must be addressed before moving on to the E-file section. Click the Visit button or use the left-hand navigation menu to make the corrections.

State Validation Errors must be addressed to e-file state returns.

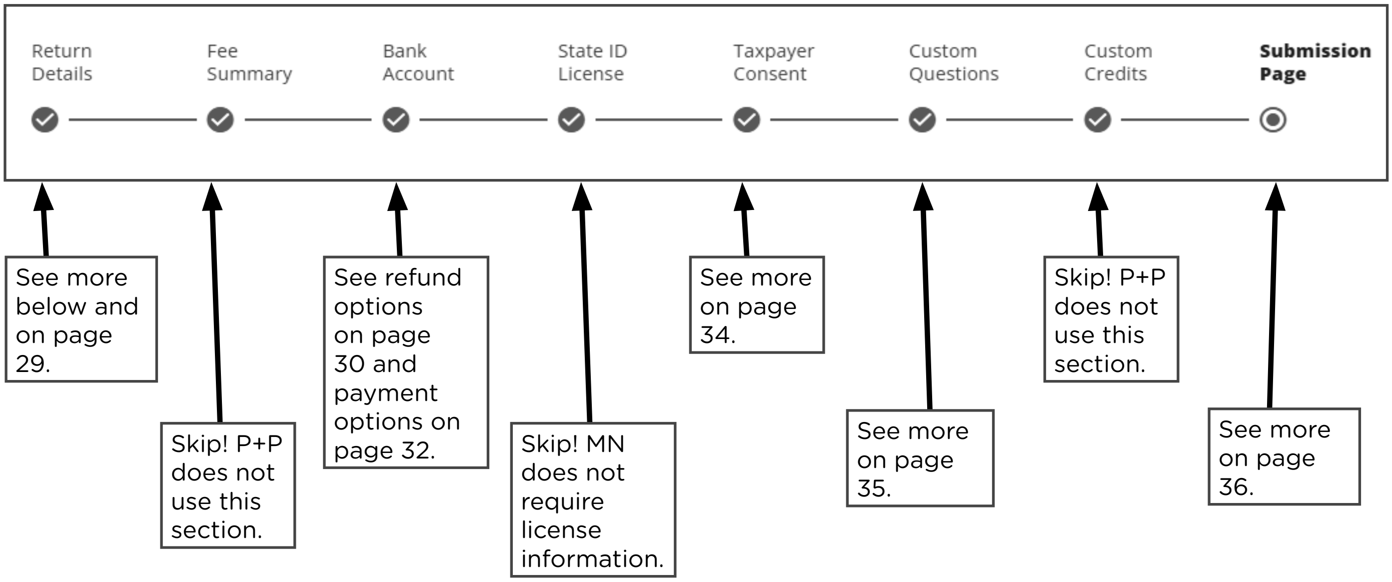
DO NOT USE the "Make Corrections" button. It does not link to the section with an error. Navigate to the error using the left-hand navigation menu.

DO NOT CLICK the "Continue" button. This ignores the error and will prevent Minnesota returns from being e-filed.

State validation errors must be resolved before e-filing. Errors on either state return will prevent the M1 and M1PR from being transmitted.

E-FILE SECTION PROCESS

The process in the E-file section is tracked with a status bar across the top of the screen. P+P does not use some entries, and these can be skipped using the Continue button. More information is provided on the following pages about each section that P+P uses.



RETURN TYPE

Most tax returns can be electronically filed. E-filed returns are processed securely and faster than mailed returns. Returns with special circumstances must be mailed, most commonly:

- Prior-year returns from 2019 - 2021 must be paper-filed (2022 and 2023 can be e-filed).
- Returns for taxpayers using the Married Filing Separately filing status who do not have their spouse's Social Security Number or ITIN must be paper-filed.
- Returns that are being filed with an ITIN application or renewal must be paper-filed. See page 16 for more information about filing returns with ITINs.
- P+P returns for taxpayers who do not agree to the data sharing consents must be paper-filed (see page 34).

Returns with a refund or a balance due can be sent by mail or electronically. Discuss options for electronic filing and direct deposit/direct debit with the taxpayer (see pages 30-32).

When direct deposit selected for the Minnesota returns (M1 and M1PR), the refund will go to the first account listed in the federal direct deposit section.

Talking about Saving: Taxpayers won't know their *final* refund amounts until checkout, but you can start the conversation about savings savings during preparation, if someone expects a refund! These questions can help:

- Have you thought about saving some of your refund?
- How much of your refund do you want to put into savings?
- Have you heard about our Save + Win contest? You can win $100 if you save at least $50. (see more info on page 15).
- Did you know you can split your federal refund? That makes it easy to save.

For returns with a refund: return type options in TaxSlayer				
	Return e-filed	Return NOT e-filed; Taxpayer must mail return	Refund deposited in the checking/savings account entered by preparer	Refund check mailed to taxpayer
E-file: Paper Check	x			x
E-file: Direct Deposit	x		x	
Paper Return with Direct Deposit		x	x	
Paper Return		x		x

For returns with a balance due (or $0 refund): return type options in TaxSlayer				
	Return e-filed	Return NOT e-filed; Taxpayer must mail return	Balance due will be withdrawn from the bank account entered by preparer	Taxpayer will mail payment (if balance due)
E-file: Mail Payment Reminder: You canot e-file if AGI is $0	x (Use this option if $0 balance due)			x
E-file: Direct Debit	x		**Make sure taxpayer is ok with funds coming out of the account on the date selected.**	
Paper Return		x		x

Return Type

E-file

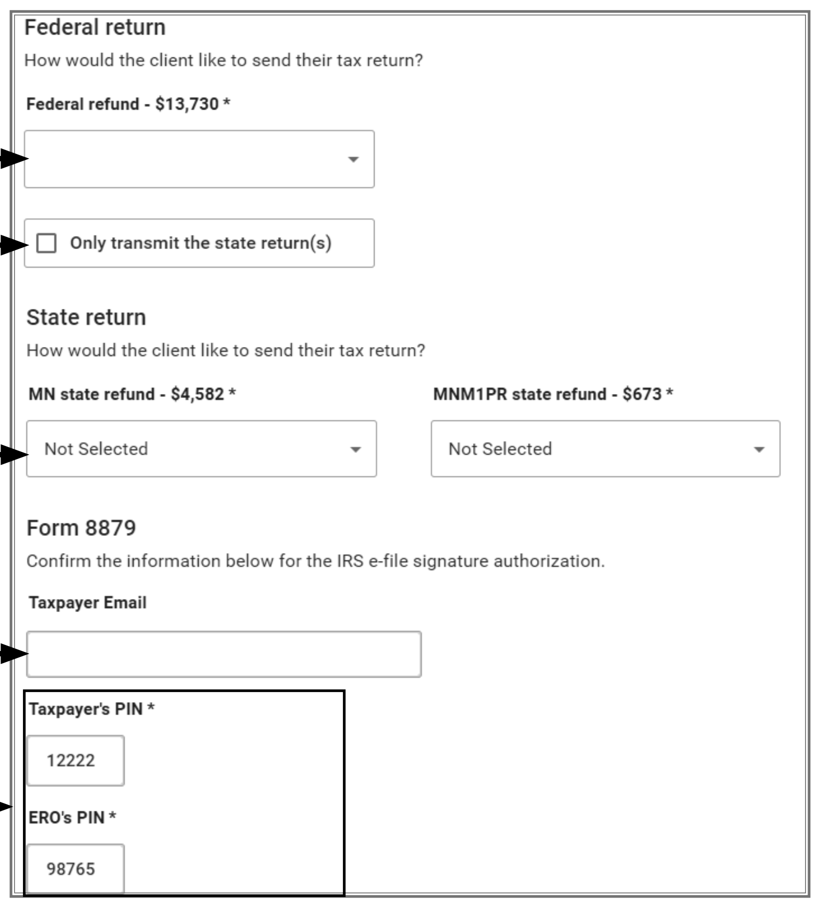
Select return type. See section above for descriptions.

Select to send an M1PR-only return.

Choose a return type for the Minnesota return and M1PR (if applicable).

This is not used for communication with the IRS. It is only used by the organization preparing the return.

Do not edit this information.



REFUND OPTIONS

Taxpayers due a refund have the following options:

1. **Direct deposit** into the taxpayer's account at a bank, credit union, or other financial institution, or onto a CFR prepaid debit card.
    - Enter routing and account numbers into TaxSlayer.
    - Most refunds sent via direct deposit come within 21 days.
    - State refunds will go into the same account used for the federal refund. View common bank routing numbers on page 31.
2. **Split the federal refund** between bank accounts (up to three accounts).
    - Taxpayers who put at least $50 in savings have a chance to win $100 (see page 15)
3. **Receive a paper check.** Refund checks are mailed to the address on the tax return and generally take longer to arrive than direct deposits.
4. **Apply all or a portion of the refund to 2025 taxes.** Enter in Payments section of TaxSlayer.

As of 2025, taxpayers can no longer purchase U.S. savings bonds with their tax refund.

Taxpayers will receive a refund faster on a CFR prepaid debit card than by paper check.

- If they have never used a CFR card before: Connect with a customer support volunteer or a manager if a taxpayer has no direct deposit option and is interested in a new prepaid debit card account.
- If they've used a CFR card in prior years: Taxpayers can use prepaid debit cards obtained in a prior year at P+P. Ensure that the taxpayer still has the card and that the account number is still active.
  A CSV or manager can assist, or the taxpayer can text DD to 90831.

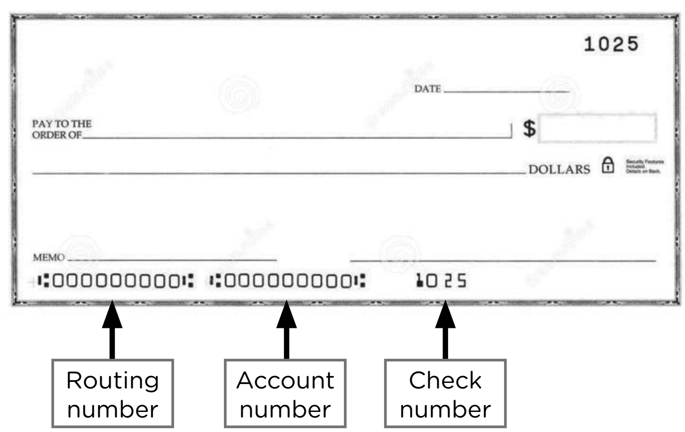
Direct deposit

Enter account and routing numbers in the Bank Account section of TaxSlayer.

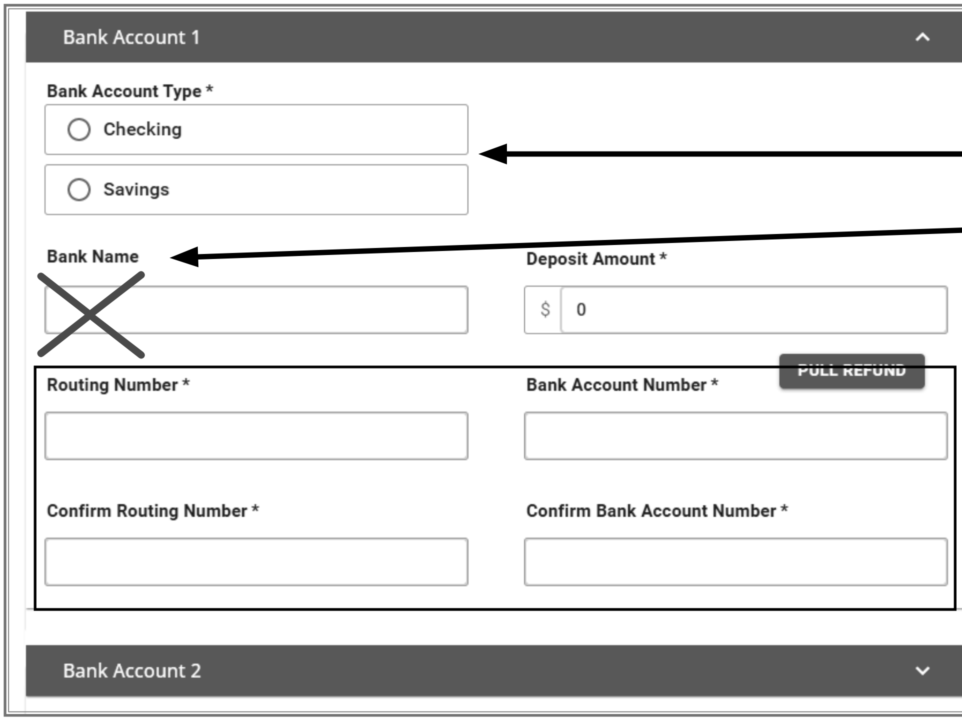
If the taxpayer does not have their routing number, reference the bank routing number guide on page 31.

To split the refund between multiple checking or savings accounts, add another account and routing number in the Bank Account section.

- The state refund(s) will be deposited into the first account listed, if multiple are listed.



Do not use a deposit slip for bank account information. The numbers are frequently different from the taxpayer's routing and account number. Use a canceled check or bank statement to enter the information.



State refunds are deposited into the first account listed.

Select and double-check the account type. An incorrect selection can delay refund deposits.

Bank name is not required.

Enter the amount to be deposited into this account. Click the Pull Refund button to deposit the entire federal refund.

Enter routing number and account number from a source document provided by the taxpayer.

Use the Bank Account 2 menu to enter account details for a split refund.

Incorrect routing or account numbers can delay the refund for many weeks and could cause a taxpayer's refund to be deposited into another person's account.

Bank routing number guide

Visit **routingnumber.aba.com** to search for routing numbers by financial institution, or do a Google search for the bank or credit union. If a taxpayer does not know their account number, they may be able to look it up on an account statement or in their online banking account.

296076301	Affinity Plus Federal Credit Union
296075933	Blaze Credit Union (formerly Hiway Credit Union and SPIRE credit union)
044000024	Huntington Back (formerly TCF Bank)
096001013	Sunrise Banks (including FAIR Financial Solution)
291074696	Topline Federal Credit Union
091000022	U.S. Bank (account opened in MN)
091000019	Wells Fargo (account opened in MN)
296076152	Wings Financial Credit Union

PAYING A BALANCE DUE

It's important for volunteers to understand the common causes for owing a balance, so they can explain why a taxpayer owes, and advise ways for them to avoid owing in the future.

Common reasons for a balance due

Not enough tax withholding during the year

- When a taxpayer incorrectly fills out Form W-4 so too little tax comes out each pay period (often occurs when a taxpayer has several jobs or when married filers both work).
- Low withholding can also occur when a taxpayer is self-employed (income from Form 1099-NEC or cash), because tax withholding cannot be paid directly by the payer.

A change in income from the previous tax year

- Higher income or different kinds of income can result in entering a higher tax rate bracket, incurring self-employment tax, or reduced tax credits.
- Lower income or different kinds of income can impact calculations of tax credits (e.g., Earned Income Credit (EIC) or the MN Child and Working Family Credits).

A change in dependents

- Dependents qualify taxpayers for many different tax benefits and credits. The loss of a dependent (because of their increased age or because someone else now claims them) can have a big impact on a taxpayer's refund or balance due.

A change in eligibility for tax credits

- Changes in income can lower or eliminate the EIC if there is higher income or more unearned income such as unemployment compensation or Social Security benefits.
- A child no longer qualifies the taxpayer for the Child Tax Credit.
- Taxpayer or dependent is no longer a student or no longer qualifies for education credits.

Common questions about having a balance due

What happens if I pay late?

Interest is added daily to the balance due amount until the full amount is paid. Additionally, a failure to pay penalty is charged for each month the payment is not received. If no payment plan is established, taxpayers will receive regular collections communications from the IRS or Minnesota Revenue. Tax liens and wage garnishments are possible if the taxpayer does not respond in a timely manner.

Do I have to pay right away if I filed an extension?

An extension allows more time to file a return but not to pay a balance due. A taxpayer should be encouraged to estimate what they will owe and pay what they can by the original filing deadline. Interest and penalties will be added to any unpaid balances. If the taxpayer over-pays, any overpayment will be refunded.

What should I do if I can't afford to pay?

Taxpayers should file their tax return even if they cannot pay what is owed. Filing on time and paying as much and as soon as possible will keep penalties and interest to a minimum. The penalty for filing late is higher than the penalty for not paying on time.

There are short-term payment plans available to pay in full (within 180 days) by installments with no fees. There are longer-term installment agreements for minimal fees that are often based on income and the ability to pay.

If paying the full balance due will cause the taxpayer a financial hardship, provide a referral to a Low Income Taxpayer Clinic (LITC) for free legal advice and explanations of all available payment options for their particular situation.

PAYMENT OPTIONS

Tax payments are due by the filing deadline even if the taxpayer files for an extension. Interest and penalties apply if payment is late. The filing deadline for tax year 2024 is April 15, 2025.

Assist taxpayers with choosing the best option for their situation. Taxpayers who owe a balance due are often unsure of how to make a payment or what to do if they're unable to pay.

Options for paying in full by the filing deadline:

A. **Pay with direct debit** from a checking or savings account when filing. Routing and account numbers are entered in the TaxSlayer E-file section. A taxpayer can choose to have the payment withdrawn on the filing deadline or on any prior date.
   - The withdrawal date cannot be changed once the return is e-filed.
   - The date must be the same for federal and Minnesota returns, if a balance is due for both

Ensure the taxpayer fully understands the direct debit option, if they choose it.

The taxpayer can choose any date (up to the filing deadline) for the funds to be withdrawn, but once the return has been e-filed, **this date cannot be changed.**

If there are insufficient funds in the account on the chosen withdrawal date, the taxpayer may incur overdraft fees or have difficulty covering other essential expenses

B. **Pay by mail** with a check or money order payable to: U.S. Treasury or Minnesota Revenue. These payments must be mailed with a payment voucher or dropped off in person.

C. **Pay online**
   - Using routing and account numbers at **www.irs.gov/payments** for federal payments, or for Minnesota payments, at **www.revenue.state.mn.us.**
   - With a credit or debit card at www.irs.gov/payments or **www.payMNtax.com** (or call 855-947-2966). A fee is charged for this service.

Options to pay in part or in full after the filing deadline:

A. Taxpayers can pay by mail or online (options B or C above).

B. If the taxpayer can pay in full within 180 days, they can apply for a short-term payment plan. Applications can be completed online, by phone, via mail, and in person. There are no fees charged to set up this type of payment plan.

Options to pay over a long period of time:

For federal payments: file Form 9465, *Installment Agreement Request*, online at IRS.gov or on paper.

For Minnesota tax payments: apply online or call the Minnesota Department of Revenue at 651-556-3003. Fees may be charged, but there is an income-based fee waiver if the taxpayer requests it.

Unable to pay:

If taxpayers face difficulty making payments, they should seek help from a Low Income Taxpayer Clinic (LITC) before making any payments. Taxpayers can get help understanding their options if they owe a balance of more than $1,000, owe balances for multiple years, or if they cannot pay without experiencing financial hardship. (phone numbers listed on page 6.)

Filing late or paying late may cause penalties.

Taxpayers who have a balance due of at least $1,000 may also have an additional penalty added. Calculating penalties is out of scope for VITA. The IRS and Minnesota Department of Revenue will do those calculations and send a final bill to the taxpayer by mail.

TAXPAYER CONSENT

On the intake paperwork, P+P requests permission to use a taxpayer's personal information in several ways. Taxpayers do not need to agree to the consents to have their returns prepared.

The Permission to Use Your Personal Information handout will be available at tax site locations to provide more details to taxpayers about data use. Taxpayers must have the opportunity to review the full language of the consents, mark their responses, and sign. The taxpayer will receive a copy of each consent with their tax return copy.

If someone **declines a P+P consent to use or disclose information**, their returns must be paper-filed, and P+P cannot keep an electronic copy of the return. This is necessary to ensure the taxpayer's request is honored. Answer any questions the taxpayer has about the consents. Connect with a manager for help if needed. Paper-filed returns take much longer to process.

Share these points with taxpayers who are uncertain about sharing data:

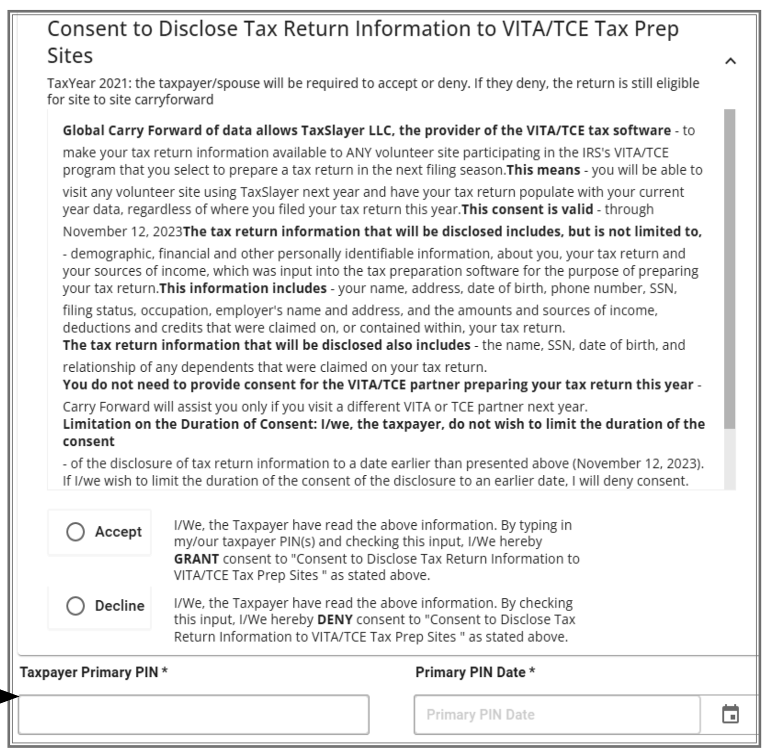
- P+P will not share any personal, identifying information. The consent statements refer to statistical data only.
- Agreement to these statements allows P+P to report total numbers of customers served and total refunds received. This shows our impact in the community and helps us continue to receive funding for our program.
- If they agree to the consent statements, P+P can e-file their return and keep it on file for three years. Then, if they have questions or need to make changes to their return later, P+P can more easily help. They can also get another copy of their return later, if needed.

If the taxpayer decides to accept a consent after learning more about the use of data, note the change in response on the intake paperwork.

TS Global Carryforward allows all free tax preparation sites to carryforward some basic tax return information for many taxpayers who used a free tax preparation service in the previous year. Participation is optional. Taxpayers opt in by signing the consent on page 6 of the IRS intake sheet. Taxpayers who do not respond are considered to have denied consent. Declining the consent to global carryforward does not impact whether or not P+P can e-file the return.

TS consents to disclose/use personal information

E-file » Taxpayer Consent


Consent to Disclose Tax Return Information to VITA/TCE Tax Prep Sites

TaxYear 2021: the taxpayer/spouse will be required to accept or deny. If they deny, the return is still eligible for site to site carryforward

Global Carry Forward of data allows TaxSlayer LLC, the provider of the VITA/TCE tax software - to make your tax return information available to ANY volunteer site participating in the IRS's VITA/TCE program that you select to prepare a tax return in the next filing season.**This means** - you will be able to visit any volunteer site using TaxSlayer next year and have your tax return populate with your current year data, regardless of where you filed your tax return this year.**This consent is valid** - through November 12, 2023**The tax return information that will be disclosed includes, but is not limited to,** - demographic, financial and other personally identifiable information, about you, your tax return and your sources of income, which was input into the tax preparation software for the purpose of preparing your tax return.**This information includes** - your name, address, date of birth, phone number, SSN, filing status, occupation, employer's name and address, and the amounts and sources of income, deductions and credits that were claimed on, or contained within, your tax return.

The tax return information that will be disclosed also includes - the name, SSN, date of birth, and relationship of any dependents that were claimed on your tax return.

You do not need to provide consent for the VITA/TCE partner preparing your tax return this year - Carry Forward will assist you only if you visit a different VITA or TCE partner next year.

Limitation on the Duration of Consent: I/we, the taxpayer, do not wish to limit the duration of the consent - of the disclosure of tax return information to a date earlier than presented above (November 12, 2023). If I/we wish to limit the duration of the consent of the disclosure to an earlier date, I will deny consent.

Accept — I/We, the Taxpayer have read the above information. By typing in my/our taxpayer PIN(s) and checking this input, I/We hereby **GRANT** consent to "Consent to Disclose Tax Return Information to VITA/TCE Tax Prep Sites " as stated above.

Decline — I/We, the Taxpayer have read the above information. By checking this input, I/We hereby **DENY** consent to "Consent to Disclose Tax Return Information to VITA/TCE Tax Prep Sites " as stated above.

Taxpayer Primary PIN * | Primary PIN Date *

Primary PIN Date

Use the taxpayer's zip code.

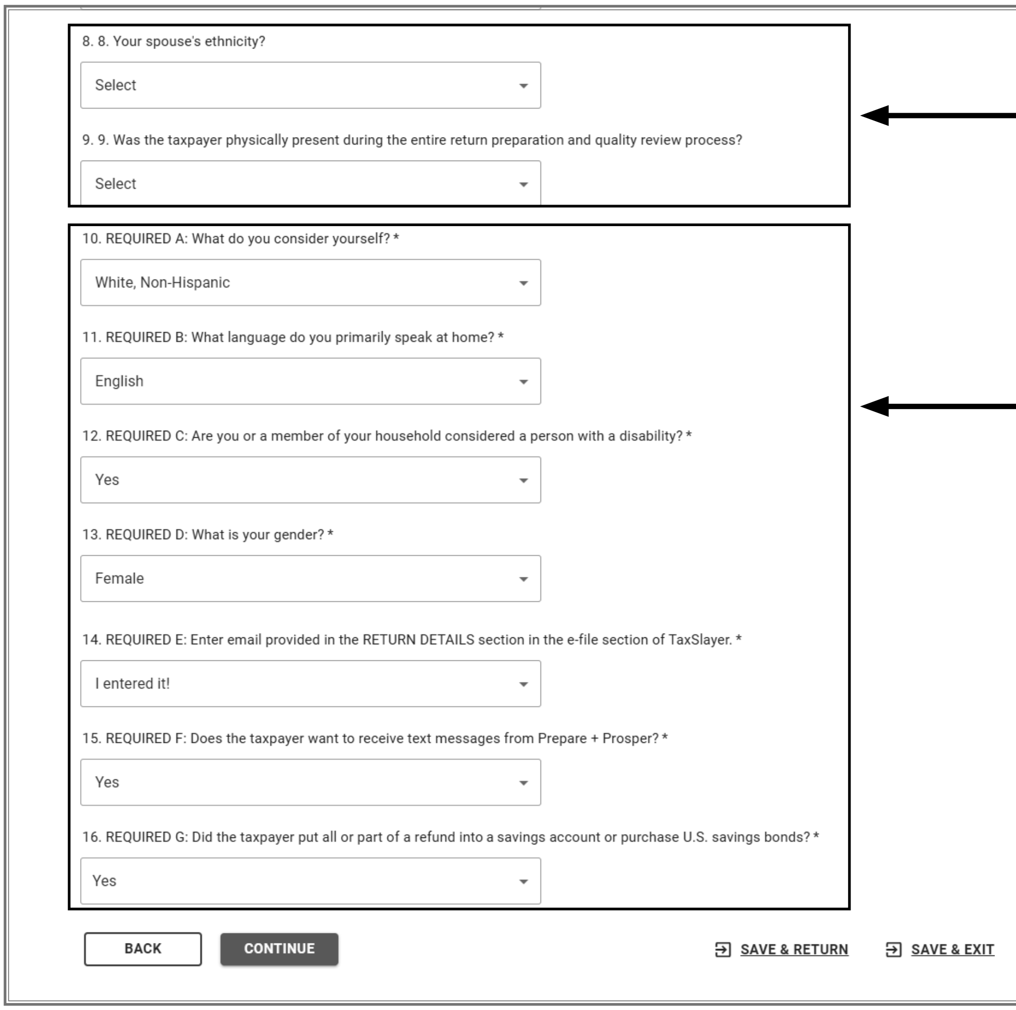
ENTERING TAXPAYER SURVEY RESPONSES

Enter Taxpayer Survey responses in the custom questions section. Responses are used for grant reporting, fundraising, and evaluating P+P programs. This survey is not required for tax preparation. If a taxpayer does not want to answer a question, select No Response.

Enter all taxpayer responses in the software. Only one response can be entered for each question. Only questions marked REQUIRED must be answered.

Taxpayer Survey

E-file » Custom Questions



P+P volunteers should skip the first several questions that are not marked REQUIRED.

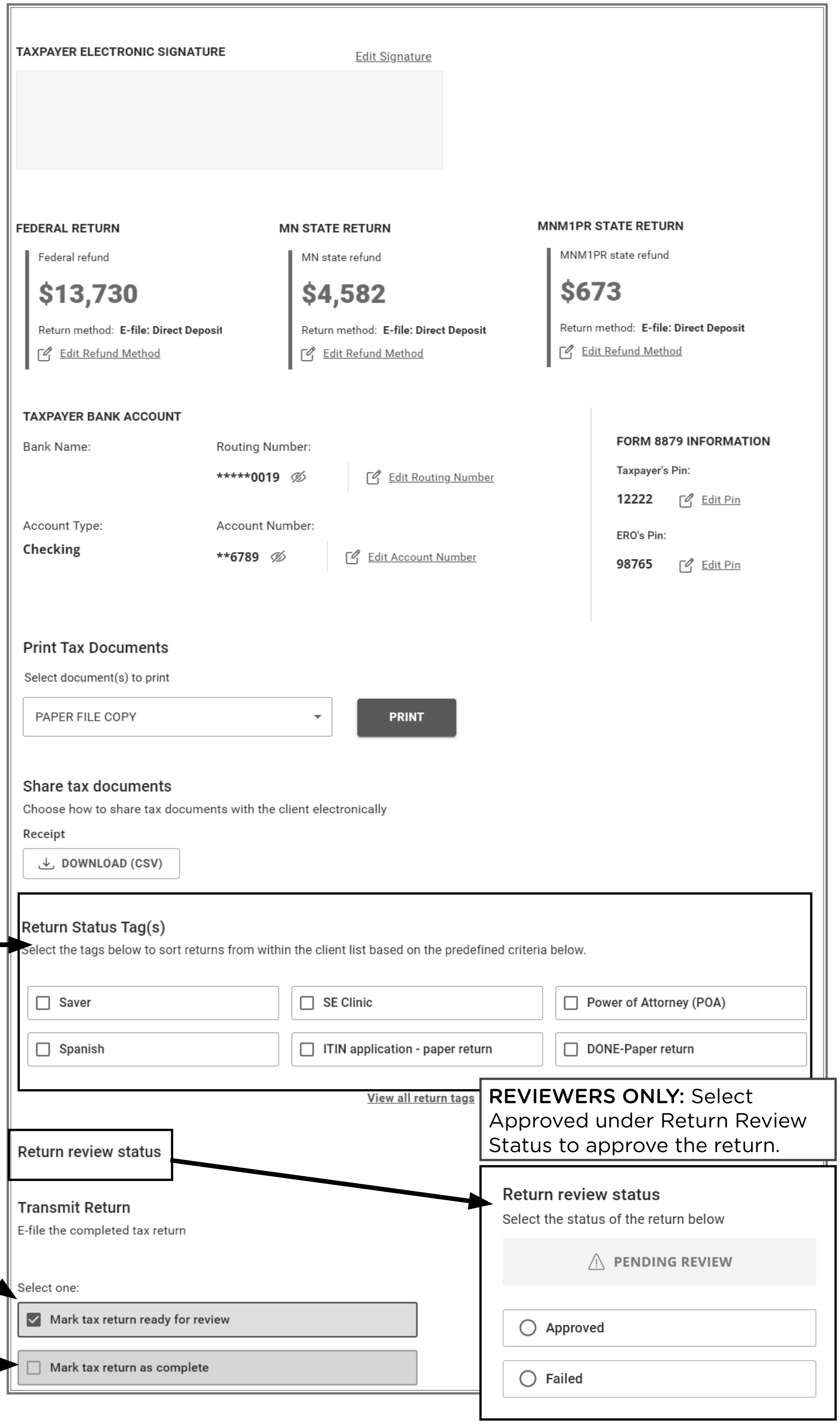
Select an answer from the drop-down menu for each required question.

E-FILE SUMMARY

E-file Summary

E-file » Submission Page

A message stating you cannot e-file does not mean the return cannot be e-filed. The volunteer settings do not allow preparers or reviewers to transmit returns.



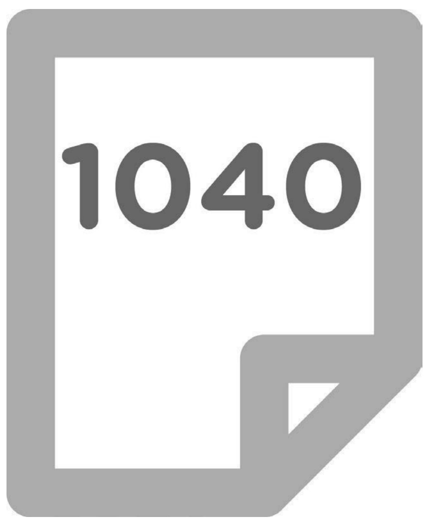
Tag the return with all relevant tags.

Select Ready for Review to send return to the reviewer queue.

REVIEWERS ONLY: Select to complete the review. The return must be marked Approved for this option to be available.

REVIEWERS ONLY: Select Approved under Return Review Status to approve the return.

FEDERAL TAX INFORMATION



FILING REQUIREMENTS

The filing requirements for most people are listed in the table below. Self-employed taxpayers with net self-employment income of $400 or more must file. Lower requirements also often apply to dependents or taxpayers who may owe special taxes. See Pub 4012, Tab A.

Filing Status	Age at the end of 2024	Required to file a return if income is over these amounts:
Single	under 65	$14,600
	65 or older	$16,550
MFJ	under 65 (both spouses)	$29,200
	65 or older (one spouse)	$30,700
	65 or older (both spouses)	$32,200
MFS	any age	$5
HOH	under 65	$21,900
	65 or older	$23,750
QSS	under 65	$29,200
	65 or older	$30,700

RESIDENT OR NONRESIDENT ALIEN (FORM 1040NR)

If on form 13614-C, the taxpayer/spouse checked No on the question about U.S. citizenship, determine if the taxpayer should file a resident or nonresident return. Many non-citizens are considered resident aliens for tax purposes, and those who are nonresident aliens for tax purposes file taxes using Form 1040NR (rather than Form 1040).

It is extremely important to correctly determine residency status.

Use the ***Resident or Nonresident Alien Decision Tree*** in Pub 4012, Tab L, page L-6, and if further information is needed, use Pub 519, U.S. Tax Guide for Aliens. Common situations triggering the need to check the decision tree include:

- **Resident:** A non-citizen who meets either the lawful permanent resident test or the substantial presence test. A lawful permanent resident will have an alien registration card (i.e., green card) and often have an SSN.
  - **ITIN holders:** Most will meet the substantial presence test and file a resident tax return.
- **Nonresident:** Person who is neither a U.S. citizen nor a lawful permanent resident of the U.S. and does not meet the substantial presence test. Tax returns for nonresidents are out of scope at P+P. Our volunteers are not trained to prepare Form 1040NR.
- **International students:** Students or scholars in the U.S. with a visa often do not meet the substantial presence test and must file nonresident tax returns. Use the decision tree in Pub 4012 or the Nonresident Volunteer Tax Assistance Program tool on this website: **https://tools.nrvtap.com/aminra**

Nonresident returns (Form 1040NRs) are out of scope at P+P; however, some specialized VITA sites prepare or assist with self-preparation of nonresident returns.

Provide the *P+P Referrals handout* and share the Other Tax Preparation Resources section.

POWER OF ATTORNEY (POA) FORM 2848

A taxpayer may use a Power of Attorney (POA) to grant authority to a third party to file their federal and/or state tax returns. Taxpayers do this with IRS Form 2848, *Power of Attorney and Declaration of Representative.* Only certain people can be authorized to file and sign a tax return on behalf of another individual. The Form 2848 instructions include a full list. Common examples of representatives seen at P+P include:

- A married taxpayer filing on behalf of a spouse who lives in a nursing home, is sick or disabled, or temporarily resides in another country.
- Adult children filing returns for their elderly or ill parent.
- Court-appointed conservators for individuals unable to file on their own behalf.
- Married taxpayers wanting to file Form W-7 to apply for an Individual Taxpayer Identification Number (ITIN) for their spouse who resides outside of the U.S.

A POA is not required for representatives filing for a deceased taxpayer (see page 44).

Forms for a POA

The representative must have identity verification and a signed Form 2848 authorizing them to file the taxpayer's federal and state tax returns. Additionally, the representative must have all necessary income statements and SSN or ITIN verification for the taxpayer.

If the representative does not have an IRS POA, provide them with a blank IRS *Form 2848 and instructions* (print copies from the IRS website). Ask the representative to return with the completed form.

A **Minnesota statutory POA** granting appropriate authority ("records, reports, and statements") allows the representative to complete the IRS POA on behalf of the taxpayer..

IRS Form 2848 can authorize a representative to file Minnesota income tax or property tax refund returns if they are listed on the Form 2848. The Rev184, *Power of Attorney* form for Minnesota, can also authorize a representative to file Minnesota returns, but cannot authorize a representative to file a federal return.

What to look for on Form 2848 *(see TaxSlayer Entry tips on next page)*

Lines 1-2: Names, addresses, and contact information for taxpayer and representative, as well as taxpayer SSN or ITIN (These items do not need to be completed in the representative section: CAF no., PTIN, and Fax No.)

Line 3:

Description of Matter	Tax Form Number	Year(s)
Income *For state returns:* Minnesota Individual Income Tax and Minnesota Property Tax Refund	1040 *For state returns:* M1 and M1PR	Tax year being filed. Up to three future tax years may be listed along with any years that have ended as of the date signed.

Line 5a: The box should be checked to authorize the representative to sign the income tax return. If the box is not checked, but all other parts of the POA are correctly completed, prepare a paper return for the representative to bring to the taxpayer.

Line 7: Taxpayer signature and date.

Declaration of Representative: Representative must sign and date. Under "Licensing Jurisdiction," write in representative's relationship to taxpayer (must be member of taxpayer's immediate family or someone with a certification listed in Part II of Form 2848).

Preparing a return with POA in TaxSlayer

Prepare tax return using standard intake procedures to interview the authorized representative. Follow the instructions in TaxSlayer to enter Form 2848 information into the return. Do not mark boxes or make entries that are not filled in on the original signed form.

Power of Attorney Form 2848

Federal Section » Miscellaneous Forms » Form 2848
Search keyword: “2848” or “Power” or “Attorney”

TaxSlayer entry for Form 2848 happens over a series of screens.

1. Taxpayer Information: If applicable, enter "Plan Number." Click "Continue."
2. Click the pencil icon. In the Representative Information section, enter info fromForm 2848 box 2. "Representative" refers to the person with Power of attorney.
3. In the Declaration of Representation section, enter info from Part II of Form 2848. (Also see bottom of page 39.) Click "Continue" twice.
   » Click the pencil icon. In the "Acts Authorized" section, enter info from Form 2848 box 3. Click the + button to add all forms mentioned in box 3.
4. Click "Continue" twice. In the "Additional Acts Authorized" section, select all boxes checked in box 5a of the form. If the "Sign a return" box is not checked, prepare a paper return for the representative to take to the taxpayer for their signature.
5. Add a second Form 2848 to the return If a representative has Power of Attorney for both a taxpayer and a spouse.
6. Include the Form 2848 in the customer envelope for the review process.

Reviewing and finishing a return with POA

Review the tax return using the standard review process, and also:

1. **Ensure POA is filled out** completely and accurately using guidance on page 39.
2. **Review** Form 2848 entries in TaxSlayer.
3. **In TaxSlayer:**
   - **Tag the return** in TaxSlayer as Power of Attorney (POA).
   - **Add a note** in TaxSlayer stating that the return was filed using POA.
     - Include the representative’s name and confirm that the representative was provided with copies of the POA to mail to the IRS and Minnesota Revenue.

Prepare the paperwork *(skip this step if the current POA was mailed in a previous year. This is common when the POA lists multiple tax years.):*

4. **Make two copies** of the original signed Form 2848.
5. **Print one copy of Form 8453**, *Income Tax Transmittal for an IRS e-file.* TaxSlayer will generate Form 8453 (ensure the 2848 box is checked).
6. **Prepare forms for the representative to mail** following the steps below. Mailing labels and envelopes may be available at the site — ask a manager.

Federal POA:	State POA:
Staple one copy of Form 2848 to Form 8453. The representative must send both forms to the IRS by fax at 855-214-7522 or mail the forms to:	The representative must mail one copy of Form 2848 (or REV184 if applicable) to:
Internal Revenue Service Attn: Shipping and Receiving, 0254 Receipt and Control Branch Austin, TX 73344-0254	Minnesota Revenue Mail Station 4123 St. Paul, MN 55146-4123.

INJURED SPOUSE ALLOCATION (FORM 8379)

If married taxpayers wish to file a joint return, but one spouse has outstanding debt, complete Form 8379. The spouse without the prior debt is the "injured spouse."

The injured spouse allocation allows the "injured spouse," to claim a portion of the refund. Form 8379 allocates income, deductions, credits, and payments between spouses.

Allocate each item as if the taxpayers had filed separate returns (e.g., split wages based on who earned the income). See Form 8379 instructions for Part III if clarification is necessary. TaxSlayer data entry is extensive; see page 42.

Important information for the taxpayer: It may take 11 to 14 weeks to process a refund with Form 8379, and taxpayers CANNOT use Form 8888 to split their refund into multiple accounts.

Injured Spouse Qualifications

To qualify, the "injured spouse" must not be legally obligated to pay the debt AND must be due refundable credits or have made tax payments (such as tax withholding) during the tax year.

Often, qualifying debt was incurred before the taxpayers were married and may include past-due federal or state tax, child support, student loans, medical bills, or unemployment compensation repayments.

The Treasury Offset Program's call center (1-800-304-3107) provides information on which debts will cause a federal refund to be taken, and which agency the taxpayer should contact about their debt.

Example: Taylor and Sam file MFJ with two dependent grandchildren. Taylor has unpaid federal tax debt from before they were married. Both had retirement distributions. Taylor's pension plan paid out $18,700.

Sam also worked and earned $18,000 and Sam's pension paid out $1,400. Sam is the injured spouse, because Sam is not liable for Taylor's tax debt. Injured Spouse Allocation entries for Form 8379 in TaxSlayer would be:

- Wages: $18,000 (Sam's wages)
- Pensions and/or IRAs: $1,400 (Sam's pension distribution)
- Standard deduction: $13,850 (half the MFJ standard deduction)
- Credits: $3,200 (Additional Child Tax Credit allocated to Sam, because Sam would have claimed the two grandchildren if Taylor and Sam had filed separately.)
- Federal tax withheld: $550 (amount withheld from Sam's wages; neither had withholding from the pensions)

MN

Minnesota does not have an injured spouse program and handles requests differently depending on which agency captured the refund. Taxpayers may need to contact the collecting agency directly, and can receive more information from the Minnesota Revenue Collections Department after the refund has been collected by calling 651-556-3003.

Innocent Spouse Relief

Injured Spouse Allocation is different from Innocent Spouse Relief, which is out of scope at VITA sites. Innocent Spouse Relief allows a taxpayer to request relief from past joint tax liabilities for income a spouse (or former spouse) incorrectly reported on a joint return. Provide an eligible taxpayer with a referral to free tax legal assistance (see page 6).

Federal Section » Miscellaneous Forms » Injured Spouse Form
Search keyword: “8379” or “Spouse” or “Injured”

Check if the taxpayer listed first on the return is the injured spouse (spouse who does not owe the debt).

Check if the IRS will take all or part of the refund to pay a debt.

Check if the injured spouse is responsible for the debt. (If yes, spouse does not qualify as an injured spouse). STOP HERE.

Do not check for a Minnesota resident.

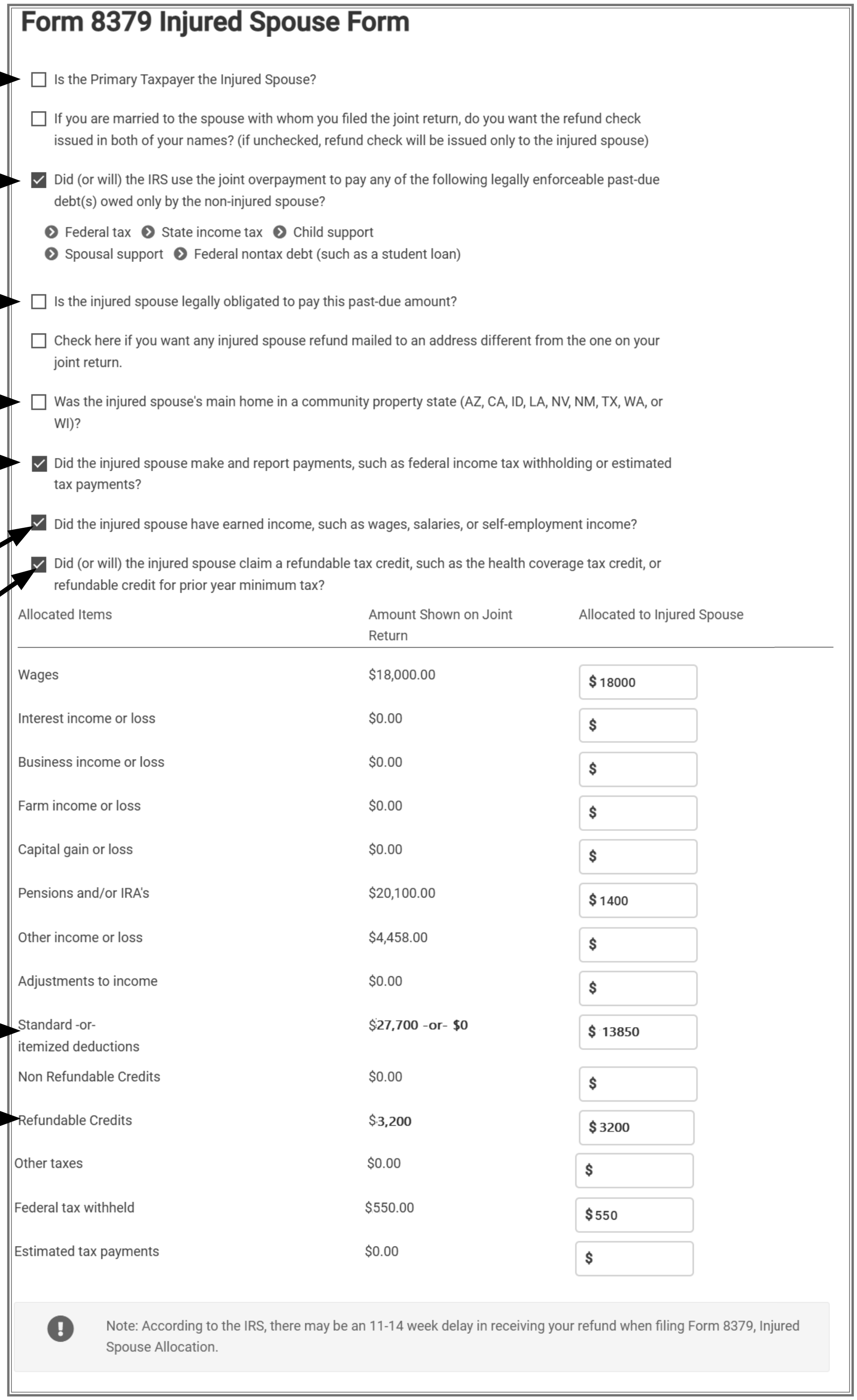
Check if the injured spouse had withholding or made estimated tax payments.

Check if the injured spouse had earned income.

Check if the injured spouse is entitled to claim any refundable credits, like EIC or Additional Child Tax Credit.

Enter half the standard deduction (see Form 8379 instructions if itemized or increased standard deduction).

Do not include Earned Income Credit amounts in this allocation.



Form 8379 Injured Spouse Form

- [ ] Is the Primary Taxpayer the Injured Spouse?
- [ ] If you are married to the spouse with whom you filed the joint return, do you want the refund check issued in both of your names? (if unchecked, refund check will be issued only to the injured spouse)
- [x] Did (or will) the IRS use the joint overpayment to pay any of the following legally enforceable past-due debt(s) owed only by the non-injured spouse?
  - Federal tax
  - State income tax
  - Child support
  - Spousal support
  - Federal nontax debt (such as a student loan)
- [ ] Is the injured spouse legally obligated to pay this past-due amount?
- [ ] Check here if you want any injured spouse refund mailed to an address different from the one on your joint return.
- [ ] Was the injured spouse's main home in a community property state (AZ, CA, ID, LA, NV, NM, TX, WA, or WI)?
- [x] Did the injured spouse make and report payments, such as federal income tax withholding or estimated tax payments?
- [x] Did the injured spouse have earned income, such as wages, salaries, or self-employment income?
- [x] Did (or will) the injured spouse claim a refundable tax credit, such as the health coverage tax credit, or refundable credit for prior year minimum tax?

Allocated Items	Amount Shown on Joint Return	Allocated to Injured Spouse
Wages	$18,000.00	$ 18000
Interest income or loss	$0.00	$
Business income or loss	$0.00	$
Farm income or loss	$0.00	$
Capital gain or loss	$0.00	$
Pensions and/or IRA's	$20,100.00	$ 1400
Other income or loss	$4,458.00	$
Adjustments to income	$0.00	$
Standard -or- itemized deductions	$27,700 -or- $0	$ 13850
Non Refundable Credits	$0.00	$
Refundable Credits	$3,200	$ 3200
Other taxes	$0.00	$
Federal tax withheld	$550.00	$ 550
Estimated tax payments	$0.00	$

Note: According to the IRS, there may be an 11-14 week delay in receiving your refund when filing Form 8379, Injured Spouse Allocation.

IDENTITY PROTECTION PERSONAL IDENTIFICATION NUMBER (IP PIN) PROGRAM

Tax-related identity theft occurs when someone uses a stolen Social Security number to file a tax return and claim a fraudulent refund. If the taxpayer reported identity theft to the IRS, they will receive Notice CP01A in January with a 6-digit Identity Protection PIN (IP PIN). Taxpayers will get a new IP PIN each year. The IRS rejects e-filed returns that do not include the current IP PIN. A taxpayer, spouse, and/or dependents may receive IP PINs.

Taxpayers can **opt in to the IP PIN program** even if they have not experienced identity theft. These taxpayers will receive their IP PIN at **www.irs.gov/ippin**. Taxpayers who wish to opt in but cannot apply online may do so via mail with Form 15227.

Lost IP PIN

The IP PIN must be entered into TaxSlayer or the return will be rejected. Filing a return without an IP PIN for someone who needs one can delay return processing for up to 9 months.

Taxpayers **who never received or who lost an IP PIN** can retrieve it by creating an account at www.irs.gov/getanippin. The IRS does not provide IP PINs over the phone, but taxpayers can call the IRS identity theft line at 1-800-908-4490 for instructions if they cannot retrieve it online. If the taxpayer needs an IP PIN but does not have it, choose one of these options:

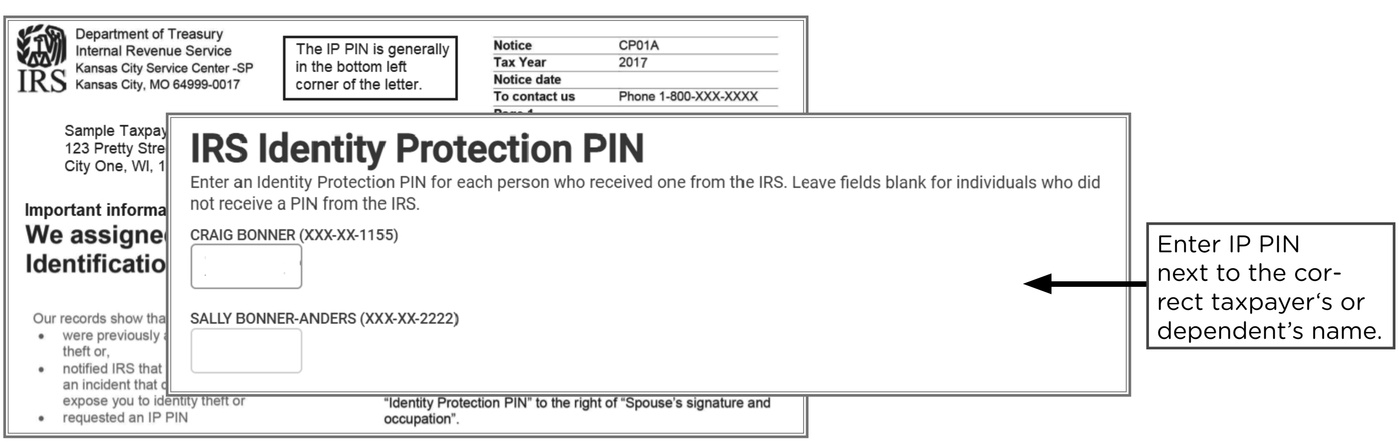
1. Taxpayer can return with the IP PIN, which will allow the return to be e-filed.
2. Taxpayer can file paper federal and state returns. Be certain that the taxpayer knows where to write in the IP PIN on the federal return before they mail it. The IP PIN applies to the federal return only.

Experienced tax identity theft but will not have a 2024 IP PIN

1. Prepare paper federal and state returns, and refer the taxpayer to the IRS identity theft line at 1-800-908-4490 to report the incident and receive instructions to submit the return.
2. Taxpayer must complete Form 14039, Identity Theft Affidavit (available at www.IRS.gov). The taxpayer must send the affidavit to the IRS to place an identity theft indicator on the taxpayer's tax account.

Identity Protection PIN

Basic Information » IRS Identity Protection Pin
Search keyword: "Pin"



FILING A TAX RETURN FOR A DECEASED TAXPAYER

A surviving spouse or a personal representative may have to or want to file an income tax return for a deceased taxpayer. A surviving spouse who did not remarry before the end of the tax year may file MFJ.

Check the box and enter the date of death in the *Personal Information* section. Add federal Form 1310 and Minnesota Form M23 if anyone other than the surviving spouse is filing the return to claim a refund. Only a surviving spouse or a dependent of the decedent may file Form M1PR on behalf of a deceased person.

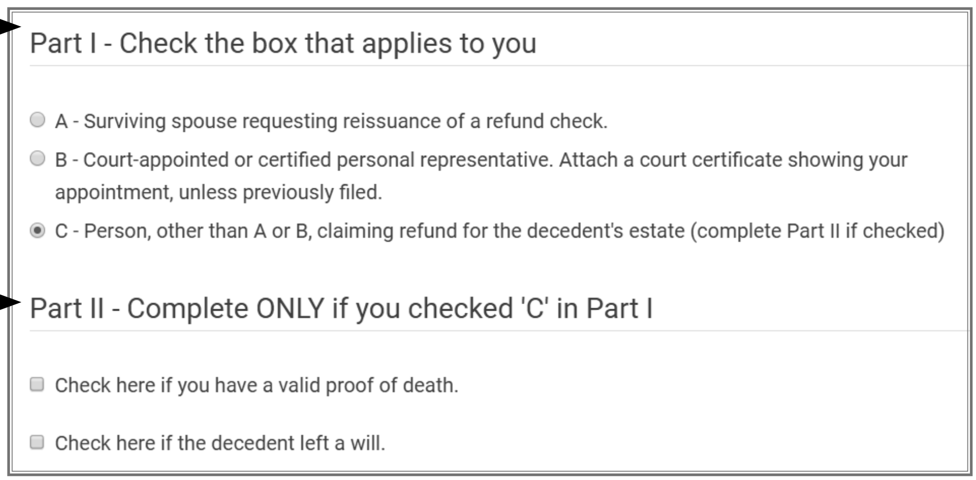
Paper file a return for a deceased taxpayer if it is not filed by a surviving spouse. Court appointment documents and a death certificate are often required along with the return. See Pub 4012, Tab K, page K-19, and Minnesota Income Tax Fact Sheet 9, *Filing on Behalf of a Deceased Taxpayer,* for more detailed requirements if needed. Additionally, prior-year tax returns for a deceased taxpayer must be paper-filed.

Filing for deceased taxpayer for Form 1310

Federal Section » Miscellaneous Forms » Claim a Refund Due to a Deceased Taxpayer
Search keyword: "Deceased"

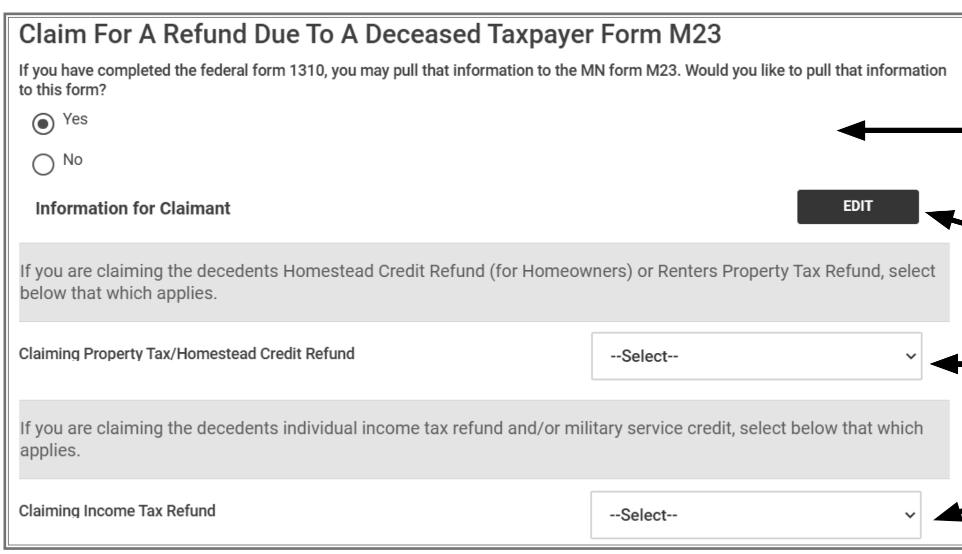
Select the option that applies to the claimant.

Answer according to claimant's situation.



Deceased taxpayer refund Form M23

State Section » Miscellaneous Forms » Claim for a refund due to a deceased taxpayer
Search keyword: N/A



As of the printing of this manual, this does not pull information, but Yes must be selected to avoid validation errors.

Click to add claimant information.

Select if claiming a renter or homeowner refund. Only a surviving spouse or dependent may claim.

Select appropriate options.

FILING STATUS

Determine the filing status based on an interview with the taxpayer and information written on Form 13614-C in Part II, Marital Status and Household Information. In TaxSlayer, use the filing status wizard as a guide if a taxpayer's filing status is unclear.

Filing status determines the standard deduction amount, tax rate, and calculations/eligibility for some tax benefits.

Determining taxpayer filing status

Basic Info » Filing Status **Search keyword**: N/A

See filing status selection screen on page 22.

The marital status selected on the IRS intake sheet (Form 13614-C) is only one factor in determining the correct filing status. See page 46 for more information.

Filing status	Marital Status on 12/31/2024	Other Information Pub 4012, Tab B, B-13 Determination of Filing Status Decision Tree
Single	Unmarried, divorced, or legally separated	• Legal separation requires a decree by a court or a written separation agreement. • May qualify for HOH or QSS if claiming a dependent.
Married Filing Jointly (MFJ)	Married	• See definition of marriage on page 46. • Spouses qualify whether they live together or apart. • A taxpayer can file MFJ for the tax year in which a spouse dies.
Married Filing Separately (MFS)	Married and choose to file separate returns	• See definition of marriage on page 46. • Taxpayer may be "considered unmarried" and file HOH (see page 47). • See important notes about MFS on page 46.
Head of Household (HOH)	Unmarried or "considered unmarried"	• Taxpayer paid more than half the cost of keeping up a home for the tax year[1] and had a Qualifying Person living with them more than half the year. • If taxpayer's parent is the Qualifying Person, they do not have to live together.
Qualifying Surviving Spouse (QSS)	Spouse died in 2022 or 2023, and taxpayer did not remarry	• Taxpayer is entitled to use MFJ status for the tax year in which their spouse dies. • Taxpayer paid more than half the cost of keeping up the home for the tax year[1] and had a child or step-child living with them all year. • Use interview questions in Pub 4012, Tab B, page B-14, to confirm taxpayer qualifies for QSS.

[1]To determine if a taxpayer has provided more than half the cost of keeping up a home, see worksheet in Pub 4012, Tab B, page B-16, Cost of Keeping Up a Home.

MARRIAGE

The taxpayer's marital status on Dec. 31 determines their marital status for the whole year. Married taxpayers must choose a married filing status (married filing jointly or married filing separately) unless they meet the rules to be considered unmarried (lived apart for the last six months of the tax year).

Married before coming to Minnesota

If a couple was married outside the state, Minnesota recognizes the marriage if it was valid at the time of the contract (or validated by later law changes) in the place where the marriage occurred. It doesn't matter if a couple was married in another state or outside the U.S.

Minnesota does not have a common law marriage statute, so unmarried Minnesotans living together cannot file joint state or federal returns. However, a couple recognized as married under common law rules in another state is still married if they move to Minnesota.

MARRIED FILING SEPARATELY (MFS)

Talking points about MFS:

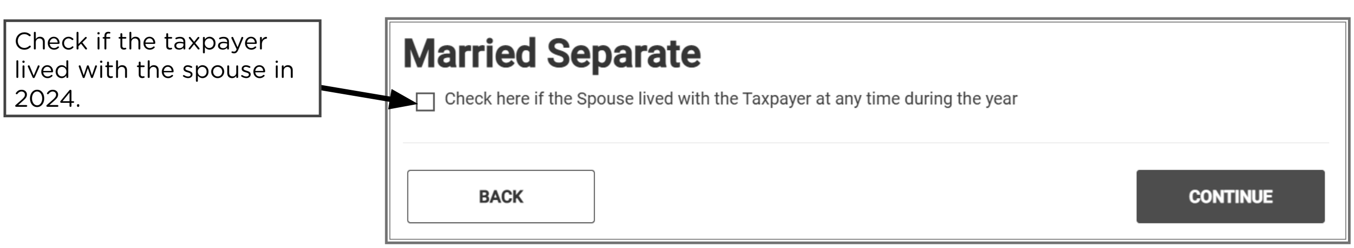
- Ask the taxpayer why they are choosing to file MFS. If the decision to file MFS is due the spouse's outstanding prior debt, such as past due child support, student loans, or other tax liability, suggest the taxpayer consider filing MFJ using Form 8379, *Injured Spouse Claim and Allocation* (see page 41).
- The MFS tax rate is generally higher than on a joint return, and Social Security benefits are taxable at a lower threshold.
- The MFS filing status makes taxpayers ineligible for many tax credits (e.g., Earned Income Credit, Child and Working Family Credits, federal and state dependent care credits, education credits, student loan interest deduction, and K-12 Education Credit.)
    - » **Exception:** Taxpayers filing MFS, who do not qualify for HOH, may be able to claim the Earned Income Credit and federal Child and Dependent Care Credit if they have a qualifying child and lived apart from their spouses for the last six months of the year.

MFS considerations for the tax preparer:

- If one spouse filing MFS itemizes, the other spouse, if filing MFS, must itemize or take a standard deduction of zero.
- If the taxpayer has a Qualifying Child, consider using HOH status. Determine if the taxpayer meets the definition of "considered unmarried" (see page 47).
- If filing MFS, the spouse's Social Security number must be on the return in order e-file. Use the placeholder 111-00-1111 if it is not available. The return must be paper-filed.

MFS filing status

Basic Info » Filing Status » Married Filing Separate
Search keyword: N/A



HEAD OF HOUSEHOLD (HOH)

Taxpayers with a Qualifying Person who are unmarried or “considered unmarried” for tax purposes can claim the HOH filing status. The rules below define who is a Qualifying Person.

This definition differs slightly from rules for who is a dependent. Additionally, the definition of who is Qualifying Person changes depending on whether the taxpayer is unmarried or “considered unmarried." The interview questions in Pub 4012, Tab B, page B-13, and the Filing Status Wizard in TaxSlayer can be very helpful.

HOH Rules if taxpayer is unmarried

Unmarried taxpayers (single, divorced, or legally separated at the end of the tax year) must meet these two qualifications to claim HOH filing status (see worksheet in Pub 4012, page B-16):

1. The taxpayer paid more than half the cost of keeping up the home for the year
2. The taxpayer has a Qualifying Person, which must be one of the following:
   - **Qualifying Child** (page 51)
     - » lived in the taxpayer’s home for more than half the year
     - » OR or a child who is not claimed by the custodial parent under the special rule for divorced or separated parents (page 53)
   - **Parent who is a Qualifying Relative** (page 54)
     - » does NOT have to live with the taxpayer
     - » taxpayer must pay more than half the cost of keeping up the parent's home
   - **Qualifying Relative**
     - » lived in the taxpayer’s home for more than half the year, who is:
       - » a child, stepchild, foster child, or a descendant of any of them
       - » a brother, sister, half-brother/sister, or a child of any of them
       - » an ancestor or sibling of taxpayer’s father or mother
       - » stepbrother, stepsister, stepfather, stepmother
       - » son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law
       - » CANNOT be a roommate

HOH Rules if taxpayer is "considered unmarried"

Married taxpayers can be “considered unmarried" for tax purposes — often if they are living apart but are not divorced or legally separated. For someone married (but considered unmarried) to qualify for HOH filing status, *all* the following conditions must be met: **The taxpayer...**

1. **Lived apart from their spouse** for all of the last six months of the tax year.
   - Temporary absences still count as living together (e.g., military deployment, incarceration etc.).
2. **Will file a separate return** from their spouse.
3. **Paid more than half** the cost of keeping up the home for the year.
4. **Taxpayer's home is the main home of their child**, stepchild, or foster child for more than half the year.
   - A grandchild DOES NOT meet this test — the definition of a qualifying person for HOH is very limited for married individuals.
5. **Can claim the child** as a dependent
   - Head of household filing status is retained by the custodial parent, even if the child's noncustodial parent claims them under the special rule for divorced or separated parents (see page 53),

2024 TAX YEAR FILING STATUS QUIZ

1. **Carlos is single. He supported his parents and paid more than half the cost of keeping up their home in Mexico for the past two years. Carlos' parents meet the tests to be his dependents.**

   What filing status should Carlos use? ______

2. **Scott and Kathy separated in April 2024 and lived apart for the rest of the year. They are not divorced or legally separated. Their 15-year-old daughter, Bethany, lived with Scott all year. Scott and Kathy will not file a joint tax return. Scott paid more than half the cost of keeping up his home. Scott claims Bethany as a dependent because he is the custodial parent. Both Scott and Kathy are legally required to file tax returns.**

   Can Scott claim Head of Household filing status? ______

   What filing status is Kathy required to use on her return? ______

3. **Juan is divorced and his 20-year-old, unmarried son, Robert, lived with him all year. Juan earned $45,000 and paid for their rent, food, and over half of his son's total support. Robert earned $10,000 and is not disabled or a full-time student — because of this he does not meet the tests to be a Qualifying Child or a Qualifying Relative.**

   Can Juan claim Head of Household filing status? ______

4. **Chris has lived with his girlfriend, Kim, and her daughter, Trinity, for three years. Chris is not related to Trinity, but Trinity meets all the tests to be Chris's Qualifying Relative. Chris paid the total cost of keeping up the home where they all live. No one else lived in the household.**

   Can Chris claim Head of Household filing status? ______

5. **Mae lived with her unemployed roommate, David, for the entire year. David meets the tests to be Mae's Qualifying Relative. Mae paid more than half the cost of keeping up their apartment. David had no income.**

   Can Mae claim Head of Household filing status? ______

6. **Abdullah lived with his 27-year-old niece, Amara, for the entire year. Amara meets the tests to be Abdullah's Qualifying Relative. Abdullah paid more than half the cost of keeping up their home. Amara worked a part-time job and earned $3,500 in income.**

   Can Abdullah claim Head of Household filing status? ______

7. **Mrs. Melville's spouse, Mr. Melville, passed away in June of 2024 after living in a nursing home for about a year. They have filed jointly for over 60 years of marriage, and Mrs. Melville did not remarry before the end of the year. Mrs. Melville does not have any dependents.**

   What filing status should Mrs. Melville use? ______

Answers are on page 179.

DEPENDENTS

CLAIMING A DEPENDENT

General Rules for dependents

Complete the shaded dependent section on page 1 of Form 13614-C, *Intake/Interview and Quality Review Sheet*. Use the form to determine if the **general rules for dependents** apply:

- Taxpayer/spouse cannot be claimed as a dependent by another person.
- Taxpayer can't claim a married person who files a joint return, unless that joint return is only filed to claim a refund of income tax withheld or estimated tax paid.
- Taxpayer cannot claim a person as a dependent unless that person is a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico. (There is an exception for certain adopted children.)
- Taxpayer can only claim a dependent who is their qualifying child or qualifying relative

Check the general rules above AND the Qualifying Child Tests on page 51 OR Qualifying Relative Tests on page 54 to determine dependency.

MN

Taxpayers may still claim a deduction of $5,050 for each dependent claimed on the Minnesota return. There are no personal exemptions for the taxpayer/spouse.

Claiming a dependent may make a taxpayer eligible to claim several tax benefits. Each benefit has additional rules. Most benefits are added to the return automatically by TaxSlayer based on the dependent information entered in the Basic Information section (see page 55).

Tax benefits for claiming a dependent may include:	
Head of Household filing status See page 47.	• Federal and Minnesota • Dependent is a Qualifying Person
Child Tax Credit See page 104.	• Federal • Dependent is a Qualifying Child under 17 and has an SSN
Credit for Other Dependents See page 105.	• Federal • Dependent meets relationship and residency tests
Child and Dependent Care Credit See pages 106 and 150.	• Federal and Minnesota • Dependent/spouse is under 13 or incapable of self-care
Earned Income Credit See page 115.	• Federal • Dependent is a Qualifying Child and has an SSN
Child and Working Family Credits See page 151.	• Minnesota • Dependent is a Qualifying Child
American Opportunity Credit See page 123.	• Federal • Dependent is a postsecondary student in their first four years of school
Lifetime Learning Credit See page 123.	• Federal • Dependent is a postsecondary student
K-12 Education Credit/Subtraction See page 154, then page 140.	• Minnesota • Dependent is a Qualifying Child in grades K-12
Dependent exemption deduction See top of this page.	• Minnesota • All dependents qualify

FILING AS A DEPENDENT

If a taxpayer meets the qualifications to be a dependent:

- The taxpayer **must** file as a dependent and cannot claim dependents on their own return, even if they have a qualifying child or qualifying relative.
- Taxpayers who can be a qualifying child or qualifying relative of another taxpayer must file as a dependent, **even if** the other taxpayer does not claim them.
- This impacts a taxpayer's standard deduction and eligibility for some tax benefits.

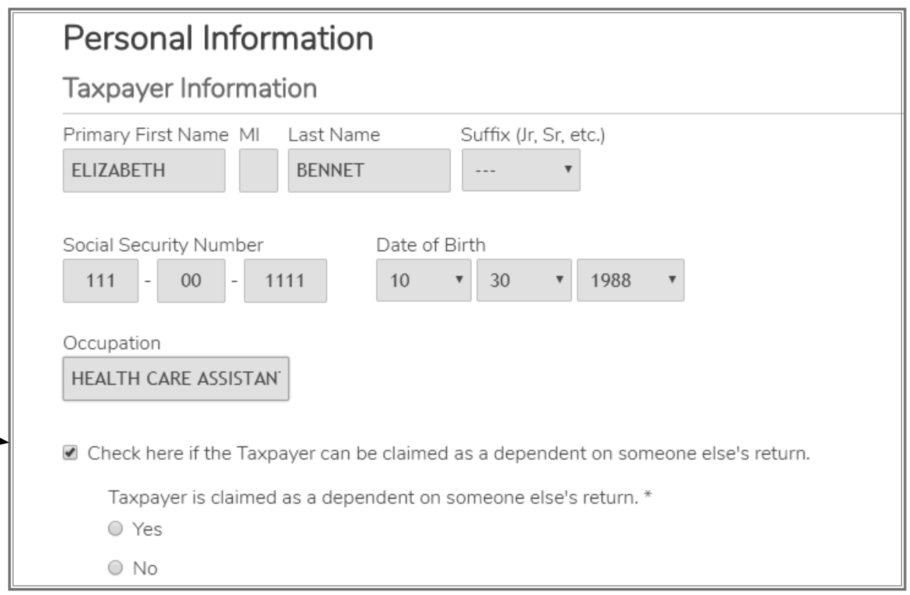
If a young adult is unsure if they are a dependent, ask more questions and explain when a person may be considered a dependent.

See Pub 4012, Tab C, page C-9, *Dependency Worksheet for Determining Support,* if needed, for help calculating if taxpayers provided more than 50% of their own support.

Personal Information

Basic Info » Personal Info
Search keyword: "personal"

Check here if the taxpayer can be claimed as a dependent.



Example: Jackie is 19 years old and filed a tax return online. He is a full-time student and worked part-time. Jackie still meets the rules to be a dependent for his parents, but he did not know that. He filed his tax return and incorrectly claimed that he was not a dependent.

Later in the year, Jackie's parents e-filed their tax return and correctly claimed Jackie as a dependent. Their return was rejected! After determining the problem, Jackie's parents sent in a paper return, and their refund was delayed. They helped Jackie file an amended return that correctly showed that he was a dependent.

RULES FOR CLAIMING A DEPENDENT — QUALIFYING CHILD

A taxpayer cannot qualify as a dependent of another person and still claim a dependent. To be claimed as a dependent, a person must meet the tests to be a Qualifying Child or a Qualifying Relative. The Qualifying Child tests are listed below. See page 54 for the Qualifying Relative tests.

Pub 4012, Tab C, page C-5, provides helpful dependency interview questions.

Qualifying Child Tests

The person must meet all six of the Qualifying Child tests to be

1. **Relationship:** The child must be the taxpayer's son, daughter, stepchild, adopted child, foster child[A], brother, sister, half-brother, half-sister, stepbrother, stepsister, or a descendant of any of them.
2. **Age:** At the end of the tax year, the child must be
   - **(a)** under age 19 *and* younger than the taxpayer or spouse, if MFJ
   - **(b)** under age 24 *and* a full-time student for at least 5 calendar months *and* younger than the taxpayer or spouse, if MFJ
   - **(c)** any age if permanently and totally disabled[B].
3. **Residency:** The child must have lived with the taxpayer for more than half the year[C]. *NOTE: A child who lives in Canada or Mexico may be a Qualifying Relative, see* page 54.
4. **Support:** The child must not have provided more than half of their own support for the year[D+E]. If unsure, use the worksheet in Pub 4012, Tab C, page C-9.
5. **Joint return:** The child is not filing a joint return for the year (unless the return is filed only as a claim for a refund of income tax withheld).
6. **Qualifying child for more than one person:** If the child meets the rules to be a Qualifying Child of more than one person, the taxpayer must be the person entitled to claim the child as a Qualifying Child (see page 52).

[A] *Foster child is any child placed with the taxpayer by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.*

[B] *"Permanently and totally disabled" means (1) the person can't engage in any substantial gainful activity because of a physical or mental condition and (2) a doctor determines the condition has lasted or can be expected to last continually for at least a year or can lead to death.* ***If the child receives SSDI, they have already qualified as "permanently and totally disabled."***

[C] *Exceptions for temporary absences (school, vacation, medical care, military service), children who were born or died during the year, children of divorced or separated parents (Form 8332) and kidnapped children. For more information, see Pub 17, Your Federal Income Tax, Dependents chapter.*

[D] *Social Security benefits received by a child and used for the child's support are considered as provided by the child. If the benefits are placed in a savings account and not used for the child's support, then the benefits are considered not provided by the child. Public benefits (see* page 173*) such as MFIP, SSI, GA and DWP are generally considered support provided by the state and not the child. Proposed Treasury Department regulations state that public benefits received by the taxpayer and used to support others are considered support provided by the taxpayer. For example, if a mother received MFIP and uses MFIP payments to support her children, the proposed regulations treat the mother as having provided that support.*

[E] *If the support test is not met, the child may still be a Qualifying Child for EIC, see page 115.*

QUALIFYING CHILD OF MORE THAN ONE PERSON

If the child meets the conditions to be the Qualifying Child of more than one person, only one person can claim all of the following tax benefits for the child, unless the special rule for children of divorced or separated parents applies (see page 53).

- Head of Household filing status
- Child Tax Credit
- Credit for Other Dependents
- Earned Income Credit
- Child and Dependent Care Credit
- Exclusion from income for dependent care benefits from an employer
- Minnesota dependency exemption
- Minnesota refundable credits

If a parent can claim the child as a Qualifying Child but no parent does so, the child is treated as the Qualifying Child of the person who had the highest AGI and also meets all the tests to claim the child. This person can claim the child only if their AGI is higher than the highest AGI of any parent who is eligible to claim the child.

This situation is not a tie-breaker rule. It is part of the determination of who can claim the child on the tax return.

Tie-breaker rules for a Qualifying Child:

If the child is a Qualifying Child for more than one person, the taxpayers may be able to choose which person claims the child (e.g., a child's parents are unmarried and both live with the child).

If the taxpayers disagree about who should claim the child, the IRS will use the tie-breaker rules below. These rules also apply for claiming the EIC.

1. If only one of the taxpayers is the child's parent, the child is treated as the Qualifying Child of the parent.
2. If the parents do not file jointly, and both parents claim the child, the IRS will treat the child as the Qualifying Child of the custodial parent. If the child lived with each parent for the same number of nights, the IRS will treat the child as the Qualifying Child of the parent with a higher adjusted gross income (AGI).
3. If no parent can claim the child as a Qualifying Child, the child is treated as the Qualifying Child of the person who had the highest AGI.

Example: Ana lives with her daughter, Cynthia, and Cynthia's son, Rob. Rob meets the conditions to be a Qualifying Child for both his grandmother and his mom. Under the rules above, Cynthia, as Rob's parent, is entitled to claim him as a Qualifying Child.

However, if Ana's AGI is higher than Cynthia's AGI, then Cynthia can choose to let Ana claim Rob as a Qualifying Child. But remember, if the grandmother claims the child, the daughter cannot use the child as a Qualifying Child for any tax benefits.

SPECIAL RULE FOR DIVORCED OR SEPARATED PARENTS

In most cases, because of the residency test, a child of divorced or separated parents is the Qualifying Child of the custodial parent. However, the custodial parent may turn over some tax benefits to the noncustodial parent. See Pub 4012, Tab C, page C-8, for interview tips.

The custodial parent is the parent with whom the child lived for the greater number of nights during the year. If the child lived with each parent for an equal number of nights during the year, the custodial parent is the parent with the higher adjusted gross income (AGI).

Noncustodial parent

A child can be treated as the Qualifying Child of a noncustodial parent **if all four are true:**

1. **The parents:** (a) are divorced or legally separated under a decree of divorce or separate maintenance; or (b) are separated under a written separation agreement; or (c) lived apart at all times during the last 6 months of the year, whether or not they are or were married.
2. **Support:** Over half of the child's support for the year was received from the parents.
3. **Custody:** The child was in the custody of one or both parents for more than half of the year.
4. **Required documentation** has been included with the tax return: The noncustodial parent claiming the child under these conditions must attach either Form 8332, *Release of Claim to Exemption for Child by Custodial Parent*, signed by the custodial parent or, in the case of a pre-2009 divorce decree, certain pages from the decree. See Pub 4012, Tab C, page C-8, *footnotes,* to see which pages of a divorce decree need to be attached.

If all four conditions above are true, the noncustodial parent can claim the following tax benefits:

- Dependency exemption on the Minnesota return
- Child Tax Credit
- Credit for Other Dependents
- Any federal education benefit

Custodial parent

If they meet the qualifying child tests, the following tax benefits remain with the custodial parent because of the residency tests. This is true **even if** the noncustodial parent can claim the child:

- Head of Household filing status
- Federal and Minnesota credits for child and dependent care expenses
- Earned Income Credit (EIC) and Minnesota Child and Working Family Credits
- Minnesota K-12 Education Credit or Subtraction

Instructions for preparation

Preparers:

1. If noncustodial parent, make a note on which required document was provided (see #4 above).
2. In the dependent section of TaxSlayer, use the "Divorce/Separation" option rather than entering the number of months the child lived with this parent.
3. Custodial parents who do not claim the child are still entitled to certain benefits.
4. Check the box in the dependent section of TaxSlayer to indicate that the child is not the taxpayer's dependent, and enter the number of months lived with the custodial parent.

P+P reviewers:

1. Make a copy of Form 8332 (or divorce decree pages) to keep with the intake sheets.
2. Make a note on Reviewer Log: Noncustodial parent — 8332

No documentation available for a noncustodial parent? Prepare and review a paper return. Inform taxpayer what documentation must be attached to the return before mailing.

RULES FOR CLAIMING A DEPENDENT — QUALIFYING RELATIVE

If a taxpayer supports someone who does not meet the qualifying child requirements, they may still claim them as a qualifying relative. See the Tests to be a Qualifying Relative below. But first, the **general rules for dependents must apply:**

- The taxpayer/spouse cannot be claimed as a dependent by another person.
- The taxpayer cannot claim a married person who files a joint return unless that married person's joint return is only a claim for refund of tax withheld or estimated taxes paid, and neither the married person nor their spouse's separate return would have a tax liability.
- The taxpayer cannot claim a person as a dependent unless that person is a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico, for some part of the year. (There is an exception for certain adopted children.)

Dependency interview questions found in Pub 4012, Tab C, C-4 and C-5, *Table 1: All Dependents*

Tests to be a Qualifying Relative

In addition to the general rules above, the person must meet the four Qualifying Relative tests.

1. **Not a Qualifying Child:** The person cannot be the qualifying child of any taxpayer (this rule ensures that a child or young dependent can only be claimed once, as either a qualifying child or a qualifying relative.)

   Exception: *The person may still qualify as a dependent (Qualifying Relative) for another taxpayer if the parent (or other individual who could claim the child as a Qualifying Child) is not required to file a tax return, or files solely to receive a refund.*

2. **Relationship:** The person either: **(a)** must be related to the taxpayer in one of the ways listed under "relatives who do not have to live with you"[A], or **(b)** must live with the taxpayer **all year** as a member of their household (except for temporary absences).
3. **Gross Income:** The person's gross taxable income for the year[B] must be less than $5,050. See footnote B if the person receives Social Security benefits.
4. **Support:** Taxpayer must provide more than half of the person's total support[C] for the year (exceptions for multiple support agreements, children of divorced or separated parents, and kidnapped children). If unsure, use the support worksheet Pub 4012, Tab C, page C-9.

[A] *"Relatives who do not have to live with you"*

- *Child, stepchild, foster child or descendant of any of them*
- *Brother, sister, half-brother/sister, or a son or daughter of any of them*
- *Father, mother, or an ancestor or sibling of any of them*
- *Stepbrother, stepsister, stepfather, stepmother*
- *Son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law*

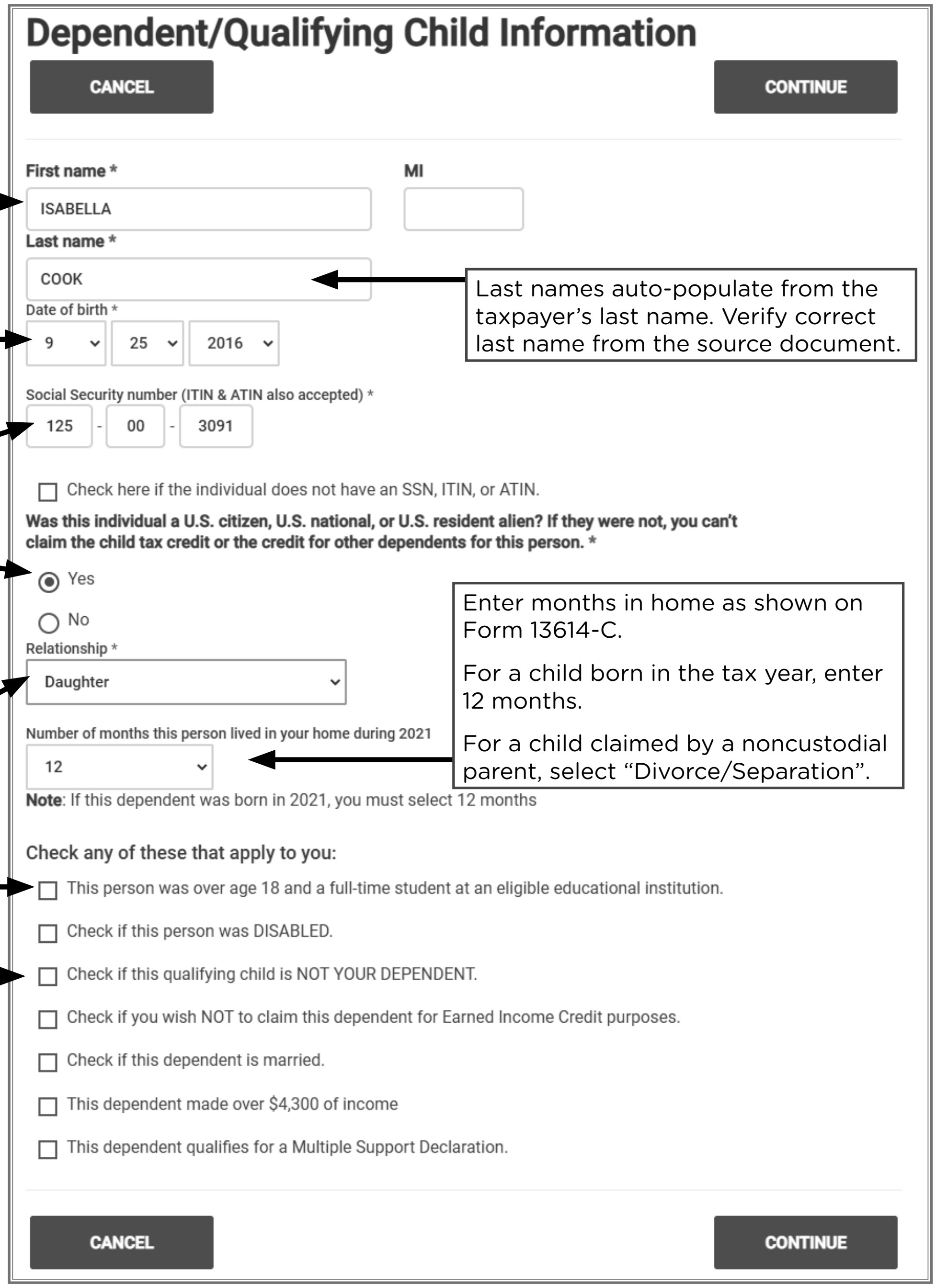
Cousins can meet the relationship test only if they lived with the taxpayer for the entire year.

[B] *"Gross taxable income" means all income the person received in the form of money, goods, property and services, that is not exempt from tax. Do not include Social Security benefits unless the person is filing an MFS return and lived with their spouse at any time during the tax year, or if 1/2 the Social Security benefits plus their gross income and tax exempt interest is more than $25,000 ($32,000 if MFJ).*

For purposes of this test, the gross income of an individual who is permanently and totally disabled at any time during the year does not include income for services the individual performs at a sheltered workshop.

[C] *If a person receives Social Security benefits and uses them toward their own support, those benefits are considered as provided by the person. Benefits provided by the state to a needy person are generally considered support provided by the state. Proposed Treasury Department regulations state that public benefits received by the taxpayer and used to support others are considered support provided by the taxpayer. For example, if a mother receives MFIP and uses the MFIP payments to support her children, the proposed regulations treat the mother as having provided that support.*

Basic Info » Dependents/Qualifying Person
Search keyword: N/A



Dependent/Qualifying Child Information

CANCEL CONTINUE

First name * ISABELLA
MI
Last name * COOK
Date of birth * 9 25 2016
Social Security number (ITIN & ATIN also accepted) * 125 - 00 - 3091

☐ Check here if the individual does not have an SSN, ITIN, or ATIN.

Was this individual a U.S. citizen, U.S. national, or U.S. resident alien? If they were not, you can't claim the child tax credit or the credit for other dependents for this person. *

◉ Yes
○ No

Relationship * Daughter

Number of months this person lived in your home during 2021 12

Note: If this dependent was born in 2021, you must select 12 months

Check any of these that apply to you:

- ☐ This person was over age 18 and a full-time student at an eligible educational institution.
- ☐ Check if this person was DISABLED.
- ☐ Check if this qualifying child is NOT YOUR DEPENDENT.
- ☐ Check if you wish NOT to claim this dependent for Earned Income Credit purposes.
- ☐ Check if this dependent is married.
- ☐ This dependent made over $4,300 of income
- ☐ This dependent qualifies for a Multiple Support Declaration.

CANCEL CONTINUE

Enter first and last name as shown on the Social Security card or ITIN letter to ensure the correct spelling.

Last names auto-populate from the taxpayer's last name. Verify correct last name from the source document.

Enter date of birth as shown on Form 13614-C.

Enter SSN or ITIN as shown on source documents to ensure accuracy.

Generally, the answer is Yes. Check the substantial presence test if needed[1].

Enter months in home as shown on Form 13614-C.

For a child born in the tax year, enter 12 months.

For a child claimed by a noncustodial parent, select "Divorce/Separation".

Enter relationship to the taxpayer from Form 13614-C.

Check this box if the dependent is a student in a postsecondary school.

Select if a custodial parent allows a noncustodial parent to claim some tax benefits for this dependent. See more on page 53.

[1] *A dependent with an ITIN must meet the substantial presence test to qualify for the Credit for Other Dependents. To meet the substantial presence test, the individual must be physically present in the United States on at least:*

- *31 days during 2024, and*
- *183 days during the 3-year period that includes 2022, 2023, and 2024, counting:*
  - *All the days they were present in 2024, plus*
  - *1/3 of the days they were present in 2023, plus*
  - *1/6 of the days they were present in 2022*

For more information about the substantial presence test, see Pub 519, U.S. Tax Guide for Aliens

2024 TAX YEAR DEPENDENCY QUIZ

1. **Juan is divorced and his 20-year-old, unmarried son, Robert, lived with him all year. Juan earned $40,000 and paid for their rent, food, and over half of his son's total support. Robert earned $10,000 and is not disabled or a full-time student.**

   Can Juan claim Robert as a dependent? ______

2. **Xiong was unemployed and lived with his friend, Youa, all year. Youa earned $45,000 and paid for the rent, food, utilities, and all other living expenses.**

   Can Youa claim Xiong as a dependent? ______

3. **Abdullah lived with his 27-year-old niece, Amara, for the entire year. Abdullah paid more than half the cost of keeping up their home. Amara worked a part-time job and earned $2,700 in income.**

   Can Abdullah claim Amara as a dependent? ______

4. **Carlos is single, supported his parents and paid more than half the cost of keeping up their main home in Mexico. This was more than half of their support, and they had no income.**

   Can Carlos claim his parents as dependents? ______

5. **Jonathan is 26 years old and lived with his mother, Janice, all year while he was a part-time student at the local community college. Jonathan earned $6,000 to help pay for his car insurance and some of his college expenses. Janice earned $38,000 and paid for all of their living expenses for the entire year. Jonathan is not disabled.**

   Can Janice claim Jonathan as a dependent? ______

6. **Gilly and Hope divorced in 2019. Their daughter, Araceli, and son, Matteo, live with Hope. Gilly's AGI is $29,000, and Hope's AGI is $19,500. The divorce decree did not declare who could claim the children as dependents. Gilly consistently paid child support, which provided more than half of the cost of Araceli and Matteo's support.**

   Who may claim Araceli and Matteo as Qualifying Children? ______

7. **Mike supported and lived with his 16-year-old son, Jack. Mike's dad, George, also lived with them. Mike's AGI is $38,000, George's AGI is $43,000, and Jack earned $2,000 from his part-time job at the movie theater. Jack meets the tests as a Qualifying Child for both Mike and George. Mike and George disagree on who can claim Jack.**

   Using the tie-breaker rule, who gets to claim Jack? ______

8. **Rebecca was 21 years old in 2024, a full-time student, and worked part-time. She lived in an apartment off campus. Her parents paid for her rent and all of her living expenses. She made $4,500 and used the money to pay for her cell phone and school books.**

   Rebecca is a Qualifying Child for her parents, but they decided not to claim Rebecca as a dependent on their return. When Rebecca files her own return, does she need to file as a dependent? ______

Answers are on page 179.

INCOME

Most income sources require documentation in order to correctly report the income. These forms include details required for electronic filing and codes defining income types. This manual and Form 13614-C list common source documents for each income type. If this manual lists "taxpayer records," no specific form is required. When a taxpayer does not have a required document and is not able to obtain a replacement form, a transcript or substitute form can be used for tax preparation.

Substitute W-2 or 1099-R

If an employer/institution cannot or will not issue/correct a form, taxpayers may create a substitute W-2 or 1099-R using Form 4852. Taxpayers must make good faith efforts to obtain original forms. Taxpayers should complete Form 4852 before having their return prepared by using pay stubs or other payment records. If a form was issued, and the taxpayer cannot get a replacement, an IRS Wage and Income Transcript should be used instead.

Transcripts

An IRS Wage and Income Transcript can be used instead of the originally-issued tax forms. These transcripts are usually available in July. They include information submitted to the IRS by employers, schools, and financial institutions.

Transcripts look different from original tax forms, but contain the same information. Most transcripts are "masked", with some numbers replaced by X's for data security. IRS transcripts do not include Minnesota information. **Returns prepared using masked transcripts must be paper-filed.**

Use the following placeholders in TaxSlayer:

- EIN or Payer's ID — 41-0000009
- Employer Name or Payer Name — IRS TRANSCRIPT
- Address — 123 IRS TRANSCRIPT RD
- Zip Code — 55114
- State EIN or ID — 9999999 (seven 9's)
- State withholding — For Forms W-2, use 33% of federal withholding as estimated Minnesota withholding, and do not enter state withholding on Forms 1099. Inform taxpayers the state will adjust these amounts, but a good faith estimate should be made.

Masked transcripts can be ordered online or by mail; however, taxpayers can only request unmasked transcripts by appointment at an IRS Taxpayer Assistance Center (see page 6).

The Minnesota Department of Revenue can provide taxpayers with Minnesota information over the phone at 651-296-3781. Taxpayers can request printouts of Minnesota-only W-2 or 1099 forms at the Department of Revenue office in St. Paul.

The *P+P Referrals Handout* includes information for taxpayers about obtaining transcripts. Copies will be available at all P+P tax site locations.

WAGES, SALARIES, TIPS, AND TAXABLE SCHOLARSHIP

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form W-2 • Form 4852 (substitute W-2) • Form 1098-T (scholarships)	• IRS: Income page 2 • P+P: N/A	• 1040: lines 1a to 1z and Sch 1 lines 8r, 8s, and 8u • M1: line A and line 1 • M1PR: line 1	Basic (Advanced if tip income was not reported to the employer or box 12 includes code W)

Overview: Most taxpayers will have wages. The taxpayer **must** have Form W-2 from every employer **before** starting tax preparation.

Entry in TaxSlayer is straightforward: **Enter everything** from the form into the corresponding boxes in the software. Codes and amounts in box 12 are important and often transfer information to other parts of the return.

Common issues on Form W-2

If...	Then...
• **The Social Security number on Form W-2 is incorrect due to a typographical error**	Prepare return. Tell taxpayer to contact employer for a correction. This is important so that taxpayer can be credited for the wages by the Social Security Administration.
• **The Social Security number on Form W-2 is incorrect (not a typo) and the taxpayer does not have an ITIN**	Do not start the return. Ask the taxpayer to obtain a corrected copy from the employer.
• **The Social Security number on Form W-2 is incorrect and the taxpayer has an ITIN**	Enter the taxpayer's ITIN when starting the return. Enter the SSN on Form W-2 in W-2 section in TaxSlayer.
• **The Social Security number on Form W-2 is masked/truncated and the taxpayer has an ITIN**	Check a prior-year tax return or tax document for the placeholder SSN. If not found, ask the taxpayer if they know the number. If unsure, paper-file the return using 111-00-1111 as the SSN entry on the Form W-2.
• **It appears that someone has altered the W-2**	Do not start the tax return. Tell the taxpayer to contact the employer to request another copy of the W-2.
• **The name on Form W-2 is incorrect because the taxpayer got married and did not notify the employer**	Complete the tax return. Tell the taxpayer to contact the employer for a correction. Use the name as shown on the source document for the SSN or ITIN.
• **The name is incorrect for any reason other than a typographical error**	Ask the taxpayer to obtain a corrected copy of the W-2 from the employer.
• **The W-2 is missing a state ID number**	The taxpayer should attempt to get the ID number; however, 9999999 can be used as a placeholder and the return can be e-filed.

Codes on Form W-2

Form W-2 often has codes in Box 12 which can impact other areas of the return. Codes are usually defined on the back of Form W-2, and Pub 4012, Tab D, page D-11, has a list of common codes. Codes to watch for:

- **Code W:** Requires 8889 to report HSA contributions, and the preparer must have advanced certification (see page 92). The amount on the W-2 will automatically transfer to the 8889, do not enter it again.
- **Codes D, E, F, G, H, S, AA, BB:** Voluntary contributions to retirement plans which qualify for the Saver's Credit and Form M1PR retirement subtraction. Values should transfer automatically to Form 8880 (see page 109) and Form M1PR (see page 174).
- **Code II:** Under Notice 2014-7, Medicaid waiver payments may be excluded from gross income only when the care provider and the care recipient reside in the same home.
- **Codes Q, R, T, and FF:** Codes are out of scope (exception for code FF if it does not involve the Premium Tax Credit).

Box 14 is generally informational only and won't impact the tax situation.

Other compensation on Form W-2

Election officials or election workers who make under $600 may not receive Form W-2 if serving in certain cities or counties. In this case, the taxpayer must complete Form 4852, Substitute for Form W-2, after obtaining federal and Minnesota tax ID numbers and total amount paid. Tax ID numbers may be available on the city or county website.

Scholarship/grant income reported on Form W-2 is taxable and reported as wages. If scholarship/grant income was not reported on a W-2, see page for more information.

Nontaxable third party sick pay may be reported on Form W-2 in box 12 with no other income on the form. In this case, do not enter the Form W-2 in TaxSlayer, but include the amount as nontaxable income to figure credits on Form M1PR (see page 173).

Tip income may need to be reported for taxpayers with a job that collects tips. Individuals often report tip income to their employer. Reported tips are included in the amounts on Form W-2, boxes 1, 5, and 7.

If a taxpayer has tips that were not reported on Form W-2, enter them into the Unreported Tips box on Form W-2 in TaxSlayer. Rely on the taxpayer's records for the amount of unreported tips. Preparers must have advanced certification to do this (see Pub 4012, Tab D, page D-9).

Ask taxpayers with jobs that normally include tips (e.g., wait staff, bellhops, hotel housekeepers) if the tips were reported to the employer. Self-employed taxpayers (e.g., hair stylists or drivers) should include any tips in gross receipts on Schedule C.

Qualified Medicaid Waiver Payments A taxpayer may choose to include qualified Medicaid waiver payments in the calculation of earned income for the Earned Income Credit and the Additional Child Tax Credit, even when excluded from AGI.

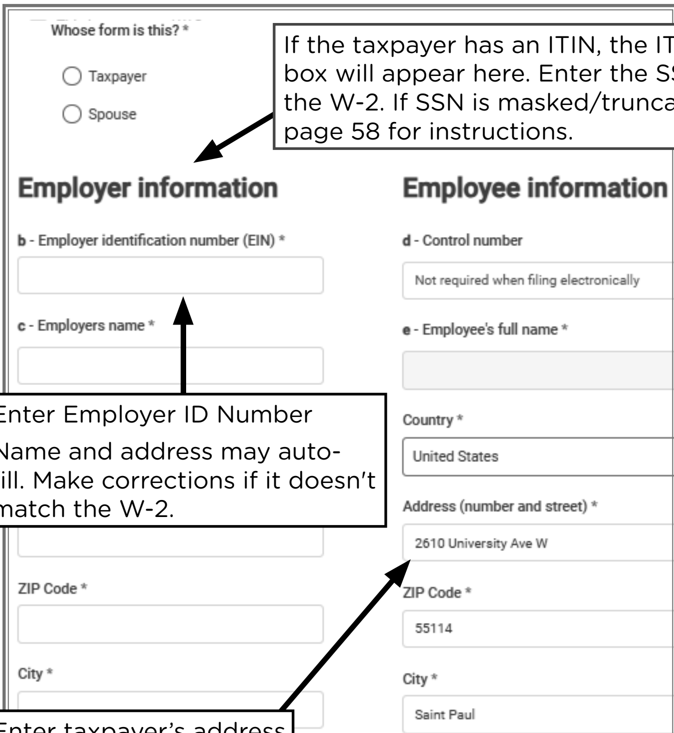
Test to see if checking the box to include these payments in earned income is advantageous for the taxpayer after completing all other parts of the return. See guidance in the Pub 4012, Tab D, Page D-12, *Entering Medicaid Waiver Payments.*

MN

If a taxpayer chooses to exclude Medicaid Waiver payments from income, they must be added back into household income used to figure credits on Form M1PR (see page 173). This taxable income is not used for Schedule M1RENT. TaxSlayer does this automatically. Payments will be included in credit calculations on Schedule M1WFC regardless of a taxpayer's choice on the federal return.

Form W-2

Federal Section » Income » Wages and Tax Statement
Search keyword: "W2"



If the taxpayer has an ITIN, the ITIN/SSN box will appear here. Enter the SSN on the W-2. If SSN is masked/truncated, see page 58 for instructions.

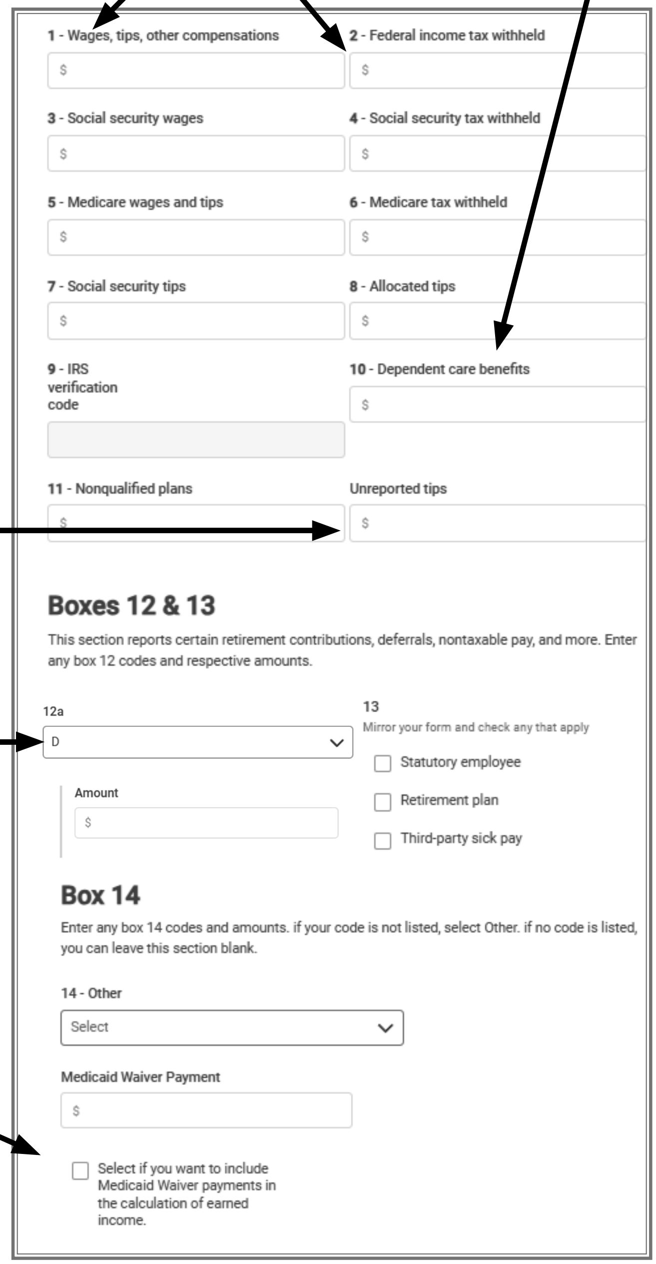
Enter Employer ID Number

Name and address may auto-fill. Make corrections if it doesn't match the W-2.

Enter taxpayer's address as shown on the W-2, even if it is a prior address.

Enter wages and federal tax withheld. Boxes 3-6 will fill based on first entry. Correct to match W-2 if needed.

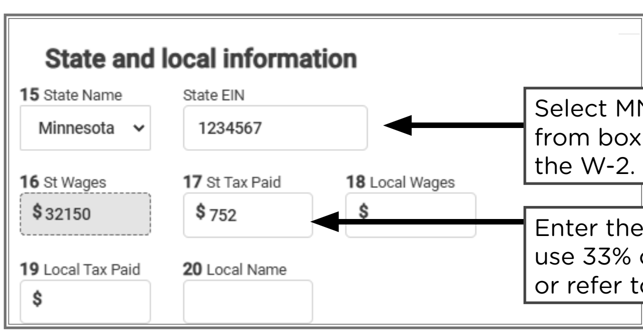
Enter amount paid for dependent care and fill out Form 2441 (see page 106).



Enter tips not previously reported by the employer in box 8 (see page 59).

Enter codes and amounts in box 12 exactly as they appear on the W-2. Click Add Another Row to add additional codes.

Enter Medicaid Waiver exclusion here. Check box if adding to earned income (see page 59).



Select MN from the drop-down box and enter the state ID number from box 15. The EIN may auto-fill. Correct it if it does not match the W-2. If there is no MN state ID, enter 9999999 (seven 9's).

Enter the state withholding from box 17. If using an IRS transcript, use 33% of federal withholding as an estimate of MN withholding or refer to MN Revenue for a copy of the W-2.

INTEREST

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-INT • Account statement • 1099 composite • Form 1099-OID • Sch K-1	• IRS: Income page 2 • P+P: N/A	• 1040: lines 2a, 2b, and Sch B Part I • M1: lines 1, 2, 7, Sch M1M lines 1, 14, and Sch M1ED line 5 • M1PR: lines 1 and 5	Basic

Overview: If a taxpayer received a small amount of interest, it's possible no form will be issued. Regardless of the amount, **interest should be reported on the tax return!**

The most common sources of interest are: savings accounts, certificates of deposit (CDs), and U.S. government bonds. It is also common to see interest paid by the IRS to taxpayers who received a refund after the filing deadline.

U.S. Savings Bond Interest

Most taxpayers who cash in U.S. Savings Bonds report the full amount of interest earned on the bond as income in the year it is cashed in. This interest is not taxable to Minnesota.

Review the savings bond information in Pub 4491, pages 8-8 and 8-9, if the taxpayer used the savings bond to pay for higher education expenses, if the bond had co-owners, or if bond interest was reported each year the taxpayer owned the bond.

Retirement accounts and interest

Interest earned on a retirement account is not taxed until the taxpayer takes a distribution. Any taxable interest will be taxed as part of the distribution.

MN

Interest earned on municipal bonds is reported as and considered "tax-exempt," but interest earned on out-of-state municipal bonds must be added back to Minnesota income. See page 138 for more information.

Interest income for 1099-INT

Federal Section » Income » Schedule B » Interest or Dividend Income » Interest Income
Search keyword: "1099INT"

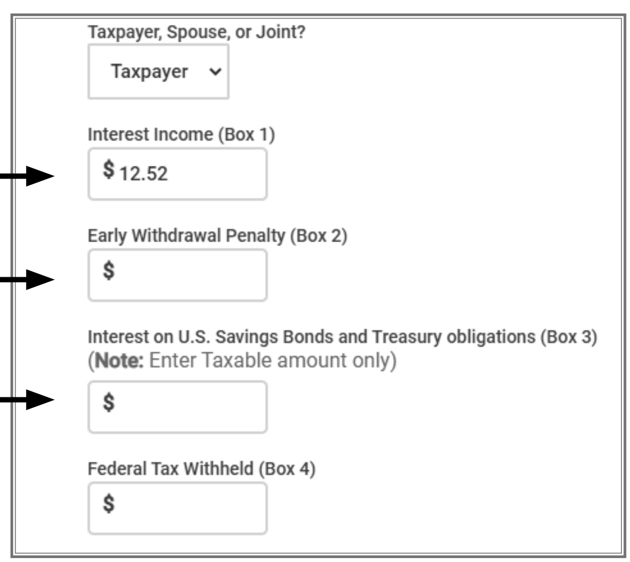
Enter the payer name. The EIN and address are optional entries.

Box 1: Enter interest income.

Box 2: Enter early withdrawal penalty.

Box 3: Enter interest income from a U.S. savings bond.

Box 3: Scroll down to enter U.S. savings bond interest income a second time to subtract it from the MN income.



DIVIDENDS

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-DIV • 1099 composite • Sch K-1	• IRS: Income page 2 • P+P: N/A	• 1040: lines 3a, 3b, 7, Sch B Part II, and Sch D • M1: lines 1, 2, 7, Sch M1M, and Sch M1ED line 5 • M1PR: lines 1 and 5	Basic

Overview: Dividends are distributions paid out of corporate earnings and profits. Taxpayers with mutual fund or stock investments may have dividends to report. Capital gain distributions reported on Form 1099-DIV are not considered an advanced tax topic, and preparers with basic certification may prepare returns with capital gain distributions reported on this form.

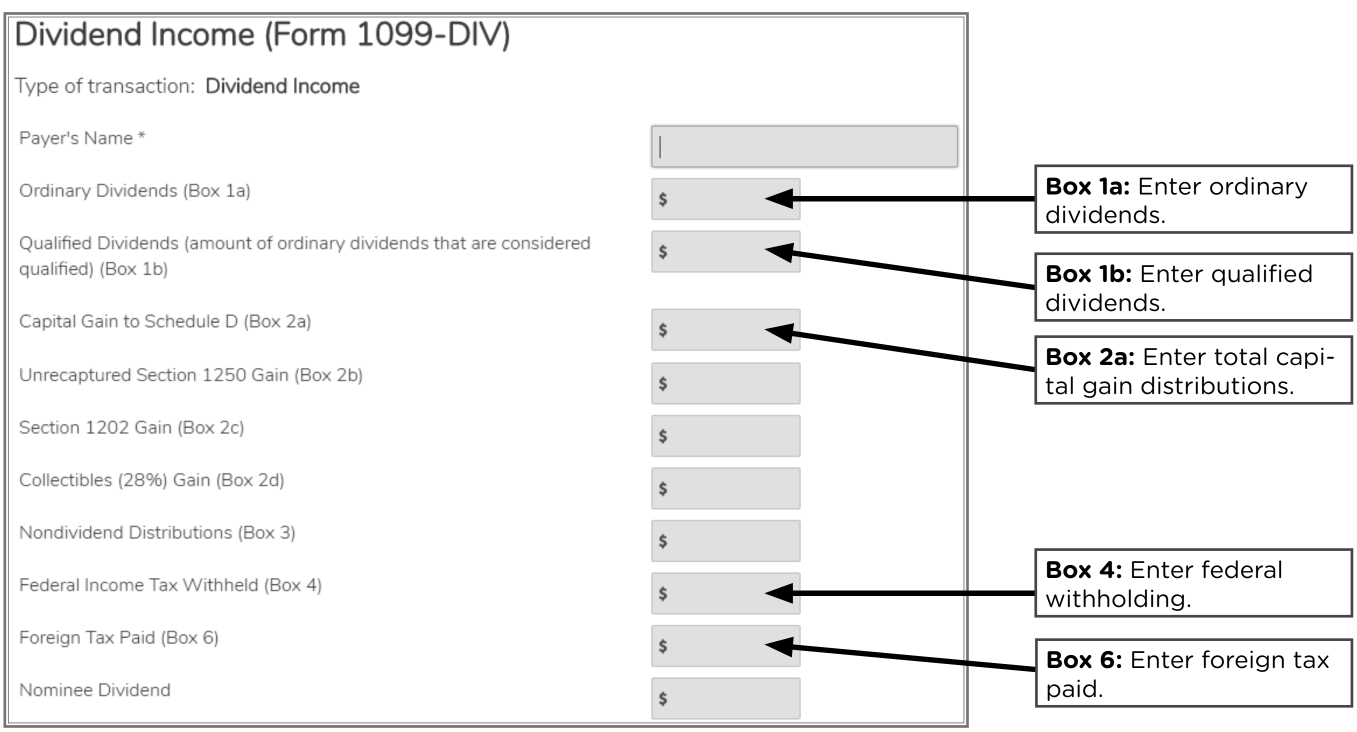
Ordinary dividends, qualified dividends, and capital gain distributions are eligible for a lower tax rate. Capital gain distributions reported on Form 1099-DIV will automatically transfer to Form 1040 line 7 and be combined with other capital gains.

MN

Federally tax-exempt dividends from a mutual fund with municipal bonds of another state or its local government units must also be added back to Minnesota income. See page 138 for more information.

Dividend income for 1099-DIV

Federal Section » Income » Schedule B » Interest or Dividend Income » Dividend Income
Search keyword: "1099DIV"



DISTRIBUTIONS FROM IRAS, PENSIONS, AND ANNUITIES

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-R • Form RRB 1099-R • Form CSA 1099-R • Form CSF 1099-R	• IRS: Income page 2 Expenses page 3 • P+P: N/A	• 1040: lines 4a, 4b, 5a, 5b, Form 5329, Sch 2 line 8, and 8915-F • M1: line B and line 1 • M1PR: lines 1 and 5	Basic (Advanced if taxable amount is NOT determined)

Overview: Retirement income may come from an employer plan or a retirement account the taxpayer opened independently. Most retirement income will be reported on Form 1099-R. Other forms are rarely seen. Distributions are commonly taken by taxpayers at retirement age; however, early distributions are not uncommon and may have special tax consequences. Box 7 codes categorize the distribution.

Check codes carefully as some are out of scope (commonly code "J").

Distribution codes for retirement income

Codes on Form 1099-R help determine if a distribution is taxable by identifying the type of account, if the distribution was taken before retirement age, and other details. For more information about out of scope distribution codes, see Pub 4012, Tab D, pages D-52 and D-53.

Codes not listed below are out of scope.

1	Early distribution, no known exception	D	Annuity payments
2	Early distribution, exception applies (may be **out of scope**[1]**)**	F	Charitable gift annuity
3	Disability see special distribution rules on page	G	Direct rollover of distribution and direct payment
4	Death	H	Direct rollover of a Roth distribution to a Roth IRA
7	Normal distribution	L	Loans treated as deemed
B	Designated Roth account distribution (may be **out of scope**[2]**)**	Q	Qualified distrubtion from a Roth IRA
		S	Early distribution from a SIMPLE IRA

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code
KENT STATE BANK FOR
MARICOPA MEDICAL SERVICES 401(K)
743 COLQUITT WAY
YOUR CITY, STATE ZIP

1 Gross distribution $ **1,300.00**
2a Taxable amount $ **1,300.00**
OMB No. 1545-0119
Form **1099-R**
Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

2b Taxable amount not determined ☐ Total distribution ☒

PAYER'S federal identification number **38-2XXXXXX**
RECIPIENT'S identification number **259-XX-XXXX**
3 Capital gain (included in box 2a) $
4 Federal income tax withheld $ **260.00**

Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.

RECIPIENT'S name **TERESA MARTIN**
5 Employee contributions /Designated Roth contributions or insurance premiums $
6 Net unrealized appreciation in employer's securities $

Street address (including apt. no.) **129 PENNINGTON PLACE**
7 Distribution code(s) **1** IRA/SEP/SIMPLE ☐
8 Other $ %

This information is being furnished to the Internal Revenue Service.

City or town, state or province, country, and ZIP or foreign postal code **YOUR CITY, STATE ZIP**
9a Your percentage of total distribution %
9b Total employee contributions $

10 Amount allocable to IRR within 5 years $
11 1st year of desig. Roth contrib.
12 State tax withheld $ $
13 State/Payer's state no.
14 State distribution $ $

Account number (see instructions)
15 Local tax withheld $ $
16 Name of locality
17 Local distribution $ $

Form **1099-R** www.irs.gov/form1099r Department of the Treasury - Internal Revenue Service

[1] Out of scope only if the IRA/SEP/SIMPLE box is checked. This usually indicates a Roth IRA conversion, which requires Form 8606.

Form 8606 is out of scope for VITA.

[2] In scope only if taxable amount has been determined.

Taxable vs. nontaxable retirement distributions

Normal distributions from retirement accounts are taxed based on how contributions were made.

Types of contributions and taxability of distributions

Contribution type	Summary	Distribution taxability	Retirement plan examples
Pre-tax	Taxpayer did not pay taxes on the money at the time it was contributed.	Fully taxable distributions	Traditional IRA; Most 401(k), 403(b), and other employer-sponsored retirement plans
Post-tax	Taxpayer paid taxes on the money before it was contributed.	Nontaxable distributions	Roth IRA; Other Roth retirement accounts
Mix of pre- and post-tax	Some of the money was taxed before it was contributed and some was not taxed at the time of the contributions.	Partially taxable distributions	Railroad Retirement Benefits; Some employer plans (often government or union-negotiated retirement benefits)

Special retirement accounts

Some retirement accounts have special tax implications. The details below highlight what to consider if a taxpayer made a contribution to or took a distribution from one of these accounts. For more information on specific types of accounts, see Pub 590-A, Pub 590-B, or Pub 575.

Traditional IRA

Traditional IRAs are generally funded with pre-tax dollars and have fully taxable distributions. Contributions are pre-tax, because a tax deduction is allowed when filing the tax return. See page 96 for details on the IRA deduction. If the taxpayer made nondeductible contributions to a traditional IRA, certain records are required, and the return is out of scope.

Taxpayers who are at least age 70 1/2 can make a Qualified Charitable Distribution (QCD) from a Traditional IRA. These distributions go directly to a charitable organization and are generally nontaxable. See Pub 4012, Tab D, page 54, for TaxSlayer instructions and more information if preparing a return with a QCD.

Roth IRA

Roth IRAs are funded with post-tax dollars. Distributions are fully nontaxable in two situations:

1. The taxpayer takes out contributions only and any earnings are left in the account.
2. The distribution is a qualified distribution, *defined as*:
   - A distribution made after the 5-year period, beginning with the first tax year for which a contribution was made
     - ***and*** the distribution was made on or after age 59 1/2
     - or the distribution was made because the taxpayer was disabled; made to a beneficiary or an estate; or used to pay certain qualified first-time home buyer amounts

Contributions to a retirement account may qualify a taxpayer for the Saver's Credit (see page 109). Most contributions will transfer automatically, but Roth IRA contributions must be entered directly into the Saver's Credit section in TaxSlayer.

Taxpayers may subtract retirement contributions from household income when figuring the homestead credit refund for homeowners on Form M1PR (see page 172). Roth IRA contributions must be entered directly in the M1PR section, but most other contributions will transfer automatically.

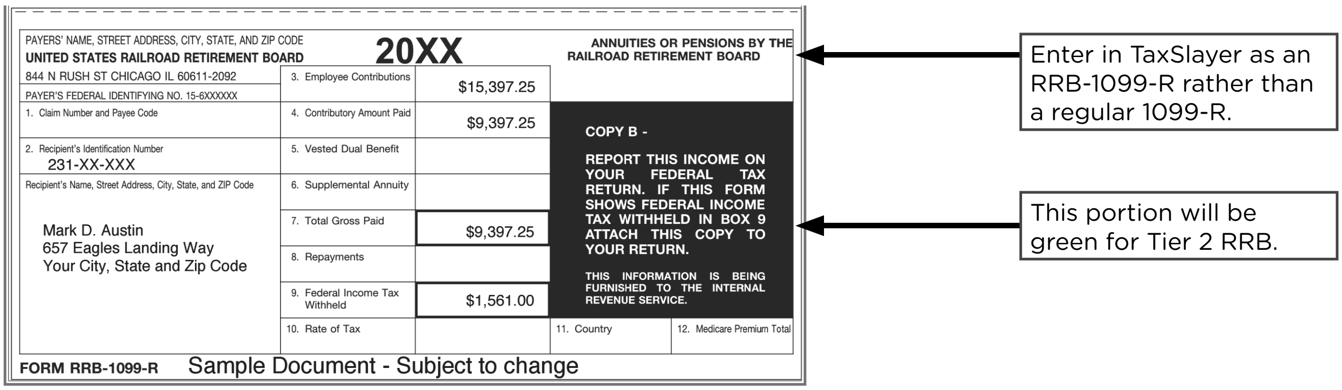
Railroad Retirement Board income

Railroad Retirement benefits have two components:

- Tier 1 benefits are reported on Form RRB 1099. They are Social Security equivalent benefits. For information about tier 1 benefits, see page 71.
- Tier 2 benefits are reported on a green form, RRB 1099-R. They are treated as qualified employee retirement plan distributions. In TaxSlayer, enter tier 2 benefits here:

  Federal Section » Income » Form 1099-R, RRB,SSA » RRB-1099-R.

  Tier 2 Railroad Retirement income is not taxed on the Minnesota return. It is subtracted from income using Schedule M1M. TaxSlayer transfers the subtraction automatically.


PAYERS' NAME, STREET ADDRESS, CITY, STATE, AND ZIP CODE
UNITED STATES RAILROAD RETIREMENT BOARD
844 N RUSH ST CHICAGO IL 60611-2092
PAYER'S FEDERAL IDENTIFYING NO. 15-6XXXXXX
20XX
ANNUITIES OR PENSIONS BY THE RAILROAD RETIREMENT BOARD

1. Claim Number and Payee Code	3. Employee Contributions	$15,397.25	
2. Recipient's Identification Number 231-XX-XXX	4. Contributory Amount Paid	$9,397.25	COPY B - REPORT THIS INCOME ON YOUR FEDERAL TAX RETURN. IF THIS FORM SHOWS FEDERAL INCOME TAX WITHHELD IN BOX 9 ATTACH THIS COPY TO YOUR RETURN. THIS INFORMATION IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE.
Recipient's Name, Street Address, City, State, and ZIP Code	5. Vested Dual Benefit		
Mark D. Austin, 657 Eagles Landing Way, Your City, State and Zip Code	6. Supplemental Annuity		
	7. Total Gross Paid	$9,397.25	
	8. Repayments		
	9. Federal Income Tax Withheld	$1,561.00	
	10. Rate of Tax		11. Country / 12. Medicare Premium Total

FORM RRB-1099-R Sample Document - Subject to change

MN

When preparing a Minnesota homeowner refund (Form M1PR), enter Railroad Retirement benefits in the federal return section, and TaxSlayer will transfer benefits to the correct lines on Form M1PR.

Taxable amount not determined

Pension Forms 1099-R may show the same amount in box 1 and box 2 but also have a check in box 2b (taxable amount not determined.) If there is no amount in box 5 (employee contributions), the entire amount in box 1 is taxable and no calculation is required.

A preparer must have advanced certification to calculate a taxable amount. If the taxpayer made both post-tax and pre-tax contributions to a retirement account, a portion of the payment has already been taxed and is not taxable now. If the taxable amount is not figured (box 2a on Form 1099-R), complete the *Simplified Method Worksheet* in TaxSlayer. For more information, see below and Pub 4012, Tab D, pages D-48 and D-49.

Information needed to complete *Simplified Method Worksheet* (see screenshot on page 66):

- The cost in the plan (available on Form 1099-R).
- Starting date of the annuity payments (taxpayer must provide; may be listed on a prior-year tax return).
- The taxpayer's age on the date the annuity began (and the spouse's age if joint/survivor annuity is selected).
- Total tax-free amounts previously recovered (may be available on the taxpayer's prior-year tax return worksheets). If this amount is not available, calculate it using the guidance below.

If the amount previously recovered is not available: Enter the other details into the simplified method worksheet in TaxSlayer (plan cost, start date of the annuity, and age at start date). Click Continue, and TaxSlayer will display the taxable amount for 2024. Following the example below, calculate the previously-recovered amount. Edit the worksheet to add the amount calculated. Generally, this will not change the taxable amount, but is helpful for the taxpayer's records.

Example: Eric received a gross amount of $8,400 from his annuity, and had an original plan cost of $7,900. The TaxSlayer simplified method worksheet calculates that $8,035 is taxable. At the end of 2024, Eric has received the annuity for 165 months.

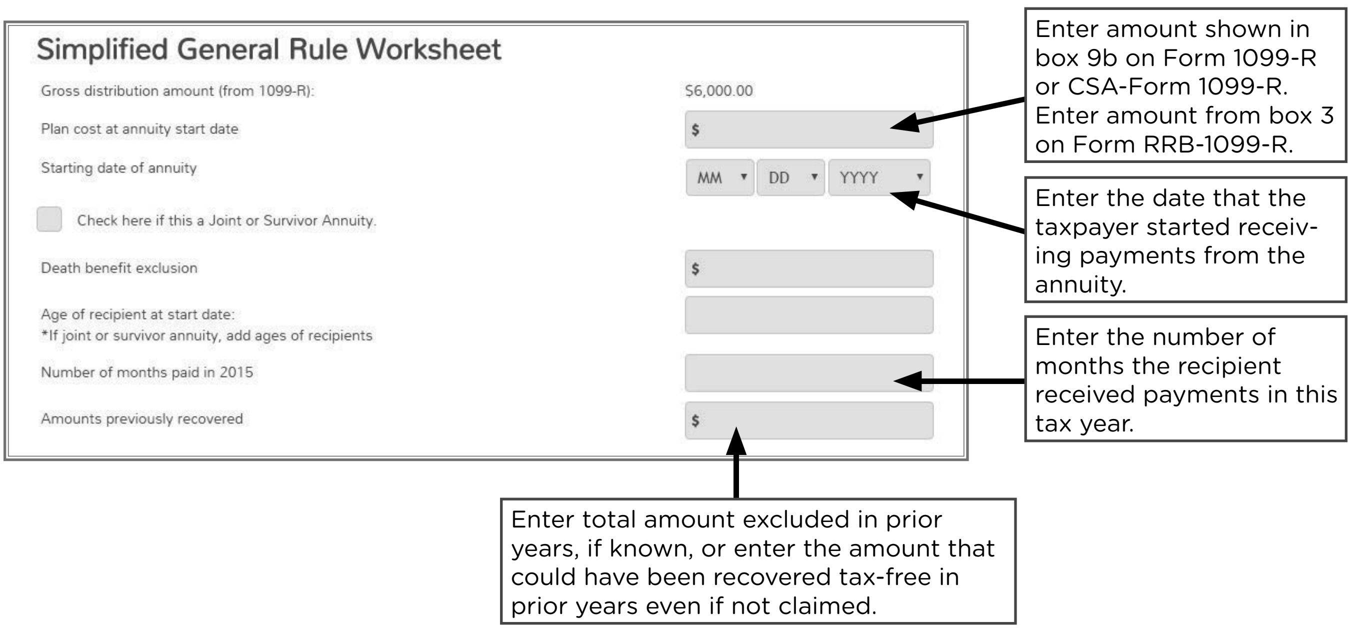
$8,400 - $8,035 = $365 tax-free in 2024

$365 / 12 = $30.42 tax-free per month

165 months x $30.42 = $5,019 previously recovered

Simplified method worksheet

Federal Section » Income » Form 1099-R, RRB,SSA » Add or Edit 1099-R » click here for options » Simplified Method Worksheet Search keyword: “-r”



Special distributions from retirement accounts

The following situations may change the way a retirement account distribution is taxed.

Disability distributions

Special rules apply to distributions taken from a retirement account due to a disability and prior to the taxpayer reaching the retirement age for the plan. Form 1099-R should include code 3 for a disability in box 7. The income is considered wages rather than retirement income. It is earned income for the purposes of calculating credits, like the Earned Income Credit Tax (see page 115). Preparers must check a box in the 1099-R section of TaxSlayer to correctly report this income (see screenshot on page 67).

For more disability distribution information, see Pub 4491, pages 11-9 and 11-10.

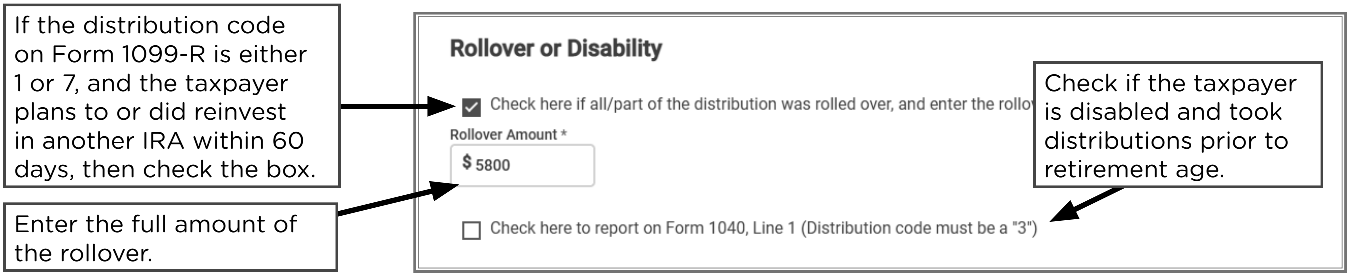
Rollover distributions

Generally, a rollover is a tax-free distribution from one retirement account into a similar retirement account within 60 days. If it was a direct rollover, box 7, Form 1099-R, will contain code G. If there is no code G, then verify that the taxpayer deposited the full amount into an appropriate account within 60 days of the distribution. If the taxpayer missed the 60-day window for completing a rollover, review the self-certification procedure information in Pub 4491, page 11-7.

For more rollover information, see Pub 4012, Tab D, page D-50, or Pub 4491, page 11-6.

IRA/pension rollover and disability distribution

Federal Section » Income » Form 1099-R, RRB,SSA » Add or Edit 1099-R
Search keyword: “-r”



Survivor and beneficiary benefits

Generally, retirement account distributions for a surviving spouse or other beneficiary is reported the same way the account owner would have reported the distribution. The additional tax for early distributions (see page 68) does not apply to survivors or beneficiaries who receive the benefit after the account owner’s death. If more detailed information is required about a survivor or beneficiary distribution from a specific account type, see Pub 590-B or Pub 575.

Required Minimum Distributions (RMD)

Taxpayers who have reached a certain age must begin withdrawing money from certain retirement accounts each year. These withdrawals are called Required Minimum Distributions (RMDs). Generally, an RMD is reported on Form 1099-R as a normal distribution.

If a taxpayer does not take an RMD on time, an additional tax will be charged. Taxpayers may request a waiver of the additional tax. Calculating the additional tax and requesting the waiver are out of scope at VITA sites. Taxpayers who are uncertain if they have taken all required distributions should contact the financial institution that manages their retirement account for guidance.

The timing for the first RMD varies based on the taxpayer’s age and the plan type. Subsequent RMDs are required by December 31 of each tax year.

- **IRAs:** including Traditional, SEP, and SIMPLE IRAs; not including Roth IRAs[1].
  RMD required by April 1 of the year following the calendar year in which the taxpayer reaches age 72 (or age 73 if the taxpayer reaches age 72 after 12/31/2022).
- **Employer sponsored retirement plans:** including 401(k) and 403(b) plans.
  RMD required by April 1 following the later of the calendar year in which the taxpayer:
  - Reaches age 72 (or age 73 if the taxpayer reaches age 72 after 12/31/2022)
  - ***or*** Retires (if the taxpayer’s retirement plan allows this)

[1] *There are no RMD requirements for a Roth IRA while the owner is alive.*

Examples: Brian turned 72 on May 15, 2024. Since he turned 72 after Dec. 31, 2022, he is not required to take his first RMD until the year after he turns 73. Brian must take his first RMD by April 1, 2026, and his second by December 31, 2026.

Karla turned 72 on December 2, 2022. She was required to take her first RMD by April 1, 2023, and her second by December 31, 2023.

Early distributions and exceptions to additional tax

If the distribution code for retirement income is 1 (early distribution, no known exception), then a 10% additional tax will apply *unless the taxpayer qualifies for an exception*. Exceptions include distributions for one of the reasons listed below. A longer list of exceptions is available in Pub 4012, Tab H, page H-7, and also in Form 5329 Instructions.

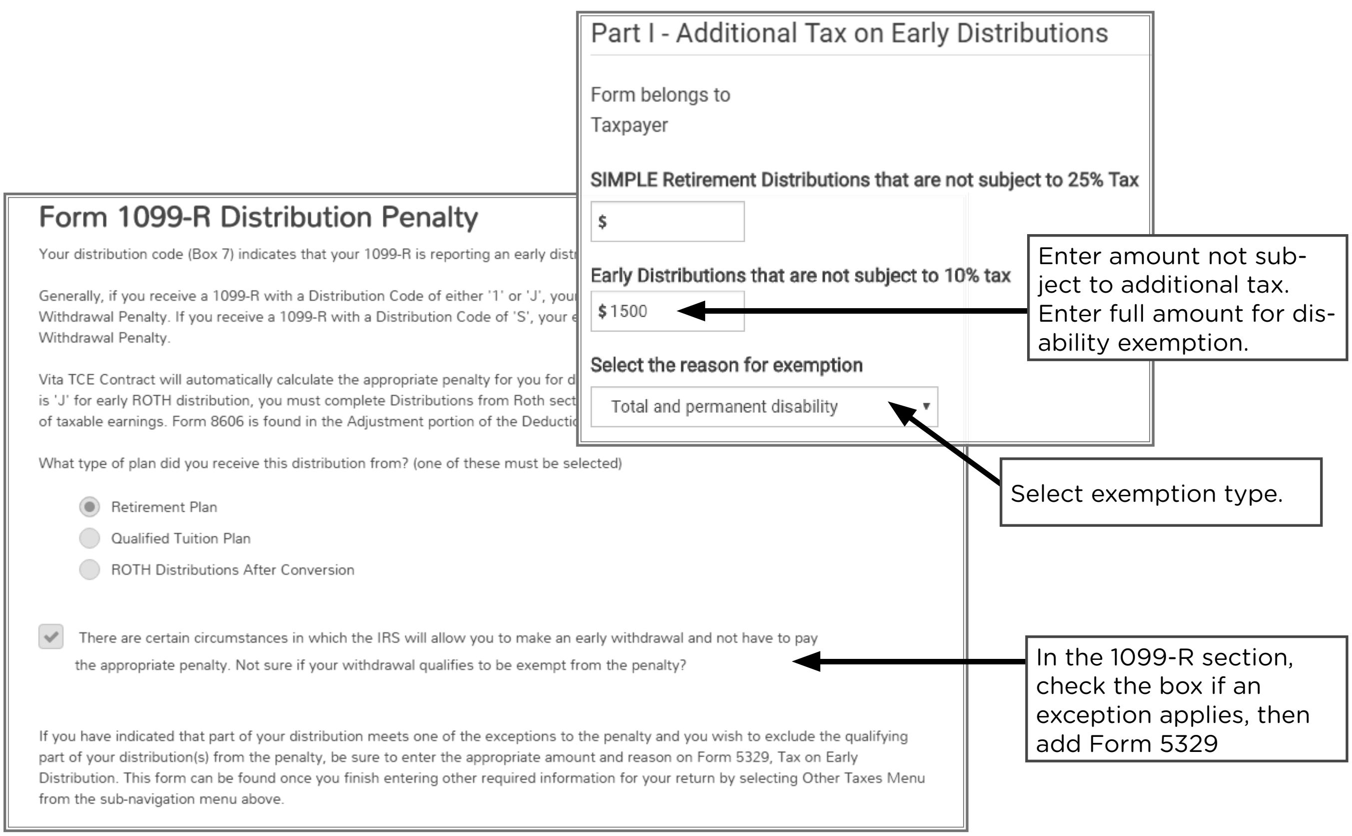
- **Domestic abuse victim distributions** (made during the 1-year period after the taxpayer experiences domestic abuse by a spouse or domestic partner), up to $10,000.
- **Emergency personal expense distributions** to meet the unforeseeable or immediate financial needs relating to a personal or family emergency, up to $1,000.
- **Distributions due to total and permanent disability**
- **Birth or adoption expenses:** Distributions up to $5,000
- **Unreimbursed medical expenses** during the year that are more than 7.5% of AGI
- **Qualified higher education espenses**
- **First-time homebuyers:** to help buy, build, or rebuild a first home, up to $10,000.

In TaxSlayer, complete Form 5329 to exclude distributions from the penalty if the taxpayer qualifies for an exception.

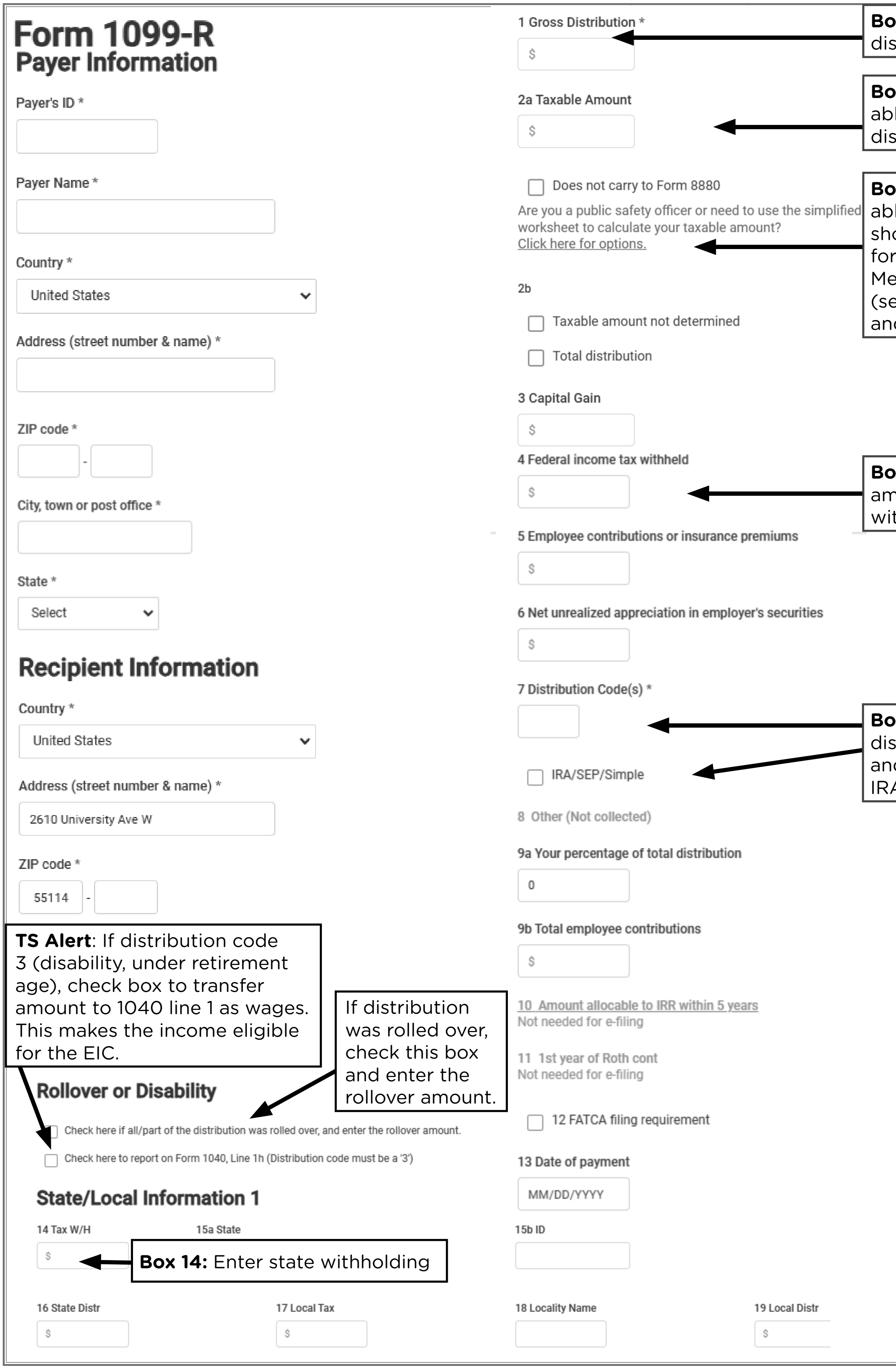
Use Pub 4012, Tab H, page H-7, while discussing possible exceptions from the additional tax on early distributions with a taxpayer. There is no exception to the penalty for general hardships, but the list covers many common situations. Ask the taxpayer to review the exception options and help determine if one applies.

Claiming exception to early distribution penalty

Federal Section » Other Taxes » Tax on Early Distribution
Search keyword: "5329"



Federal Section » Income » Form 1099-R, RRB,SSA » RRB-1099-R
Search keyword: "RRB"



Form 1099-R
Payer Information

Payer's ID *

Payer Name *

Country *
United States

Address (street number & name) *

ZIP code *

City, town or post office *

State *
Select

Recipient Information

Country *
United States

Address (street number & name) *
2610 University Ave W

ZIP code *
55114

Rollover or Disability

Check here if all/part of the distribution was rolled over, and enter the rollover amount.

Check here to report on Form 1040, Line 1h (Distribution code must be a '3')

State/Local Information 1

14 Tax W/H $

15a State

15b ID

16 State Distr $

17 Local Tax $

18 Locality Name

19 Local Distr $

1 Gross Distribution * $

2a Taxable Amount $

Does not carry to Form 8880

Are you a public safety officer or need to use the simplified worksheet to calculate your taxable amount?
Click here for options.

2b

Taxable amount not determined

Total distribution

3 Capital Gain $

4 Federal income tax withheld $

5 Employee contributions or insurance premiums $

6 Net unrealized appreciation in employer's securities $

7 Distribution Code(s) *

IRA/SEP/Simple

8 Other (Not collected)

9a Your percentage of total distribution
0

9b Total employee contributions $

10 Amount allocable to IRR within 5 years
Not needed for e-filing

11 1st year of Roth cont
Not needed for e-filing

12 FATCA filing requirement

13 Date of payment
MM/DD/YYYY

Box 1: Enter total distribution.

Box 2a: Enter taxable amount of the distribution.

Box 2a: If the taxable amount is not shown, click here for the Simplified Method Worksheet (see pages 65 and 66).

Box 4: Enter amount of federal withholding.

Box 7: Enter distribution code and check box if IRA distribution.

TS Alert: If distribution code 3 (disability, under retirement age), check box to transfer amount to 1040 line 1 as wages. This makes the income eligible for the EIC.

If distribution was rolled over, check this box and enter the rollover amount.

Box 14: Enter state withholding

SOCIAL SECURITY BENEFITS

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form SSA-1099 • Form RRB-1099	• IRS: Income page 2 • P+P: N/A	• 1040: lines 6a to 6c • M1: line 1 • M1PR: lines 1 and 2	Basic

Overview: Social Security benefits and Railroad Retirement benefits include monthly retirement, survivor, and disability insurance (RSDI) payments. Retirees and persons with disabilities often have this type of income. It's not uncommon for Social Security benefits to be a taxpayer's only income.

Do not report Social Security benefits paid to the taxpayer's dependent, even if the taxpayer is a representative payee.

Social Security (SSA or RSDI) and Supplemental Security Income (SSI) are different types of income — see comparison chart below.

If Social Security benefits are the only source of income, then the benefits are not taxable (unless filing MFS). Some portion of the Social Security benefits may be taxable if the taxpayer has other income. If the taxpayer is filing MFS and lived with their spouse at any time during the tax year, up to 85% of the benefits are taxable.

When preparing only homeowner refund (Form M1PR), enter Social Security and Railroad Retirement benefits in the federal return section. TaxSlayer will transfer benefits to the correct lines on Form M1PR.

Comparison Chart: Retirement, Survivors, and Disability Insurance (RSDI) and Supplemental Security Income (SSI)

	RSDI	SSI
Program overview	Earnings-based program based on personal work history or the work history of a spouse or parent.	Needs-based program for elders or people with disabilities.
Tax form or records	Form SSA-1099; taxpayers with online Social Security accounts can look up and print statements at www.ssa.gov.	Not reported on a tax form; may be reported on a printout from the Social Security Administration.
Payment amount	Monthly payment is based on the beneficiary's earnings history. Adjusted annually based on cost of living index. From 2023 to 2024 payments increased by 3.2%	2024 maximum for individuals is $943 per month. Adjusted annually based on cost of living index. See page 173 for more detail on maximum payments. Amount may change monthly based on a taxpayer's other income. If RSDI is less than $943 it will be augmented with SSI to reach a total of $943.
Payment date	Generally paid on the second, third, or fourth Wednesday of the month. May be paid on the 3rd of the month when SSI is also received, and in other special situations.	Generally paid on the 1st of the month.
TaxSlayer entry	May be taxable depending on other income — enter in the Federal Income section.	Not taxable — enter as household income for Form M1PR (see page 174).

Railroad Retirement benefits

Railroad Retirement benefits have two components. Tier 1 benefits are reported on a blue form. They are Social Security equivalent benefits. In TaxSlayer, enter Tier 1 benefits the same way as Social Security benefits (see below).

Tier 2 benefits are reported on a green form and are treated as qualified employee retirement plan distributions (see page 65).

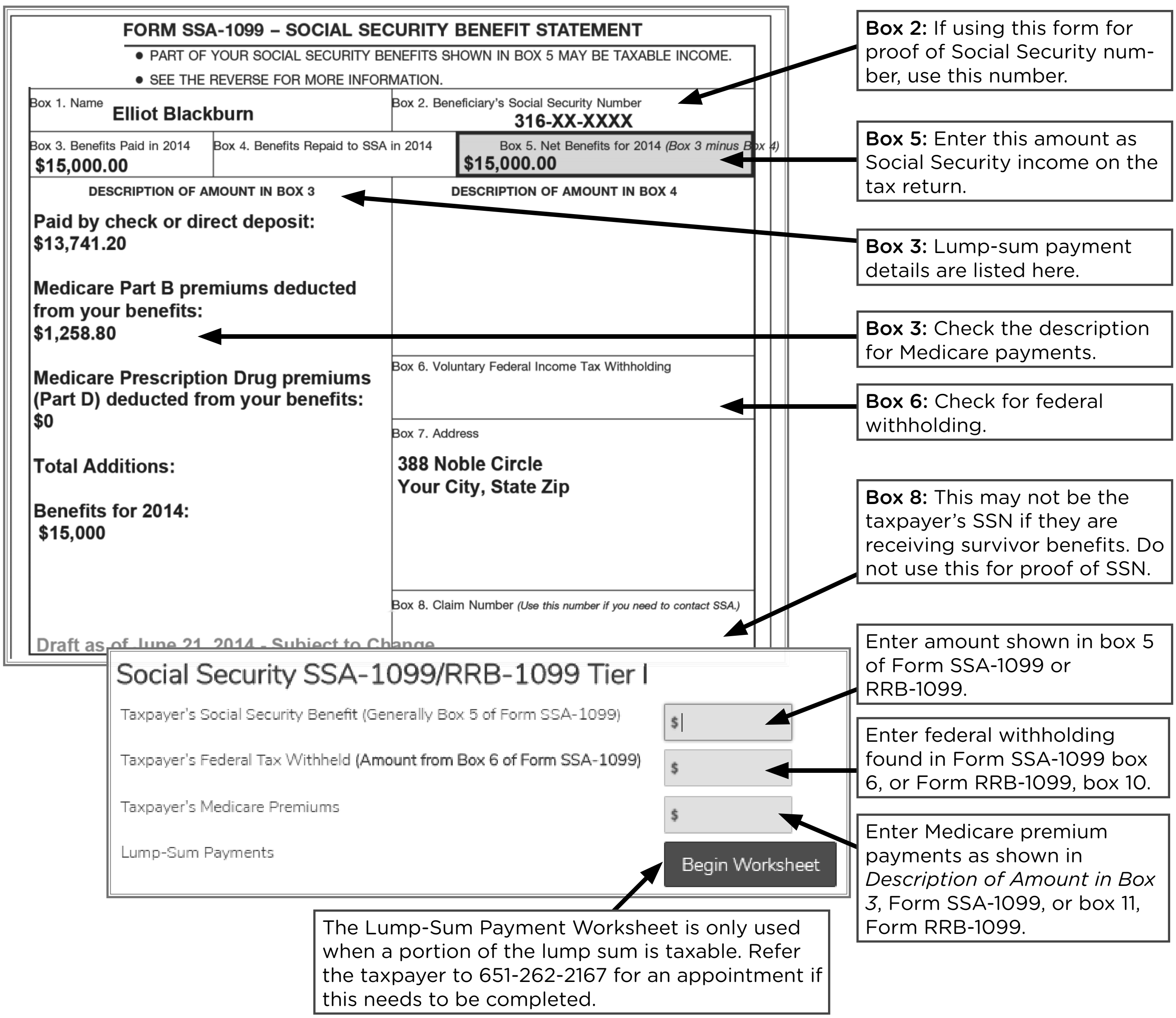
Lump-sum benefit payments

Lump-sum benefit payments are for prior tax years, and are shown in box 3 of Form SSA-1099 and boxes 7-9 of Form RRB-1099. The net benefits reported will include lump-sum payments.

Taxpayers with lump-sum payments may elect to report the full payment in the current tax year. Prepare the return completely, and if the lump-sum payment causes part or all of the payment to be taxable, refer the taxpayer to 651-262-2167 to schedule a follow-up appointment.

Social Security benefits for SSA-1099

Federal Section » Income » Form 1099-R, RRB, SSA » Social Security Benefits/RRB-1099
Search keyword: "SSA"



CAPITAL GAINS

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-B • 1099 composite • Form 1099-S • Sch K-1 • Form 1099-A • Form 1099-C	• IRS: Income page 2 Expenses page 3 • P+P: N/A	• 1040: line 7, Form 8949, and Sch D • M1: line 1 • M1PR: line 1	Advanced

Overview: Capital gains and losses come from sales and exchanges of capital assets, including stocks, bonds, and real estate. Taxpayers with investment accounts or who have sold their home are the most likely to need to report capital gains or losses. Most forms related to capital gains or losses come in late-February or March. Virtual currency (Bitcoin) transactions are considered capital gains and are out of scope.

If a taxpayer only has an IRS transcript with multiple transactions, we may need to ask the taxpayer to get a new Form 1099-B from their brokerage.

To report a capital gain or loss, start with identifying the basis or adjusted basis and the holding period of the asset. This is often included on Form 1099-B for sale of stock and bonds or mutual fund transactions.

Basis or adjusted basis

- Basis is the original cost of the asset.[1, 3]
- Adjusted basis includes original cost and any increase/decrease to the cost, such as commissions and fees paid.
- The basis for inherited property/stock is generally the fair market value (FMV) of the property on the date of the decedent's death unless the estate elects to use an alternate valuation date or other acceptable method.
- Determination of the basis of property/stock acquired as a gift is out of scope for VITA.

Holding period

- Taxpayers must know the date the stock/mutual fund was purchased.[2, 3]
- Short-term property is property held one year or less. Long-term property is property held for more than one year, and gains are taxed at a lower rate than gains on short-term property.
- The holding period for inherited stock is treated as long-term regardless of how long the property is held.
  - **Exception:** If the taxpayer sold stock inherited from **someone who died in 2010,** refer them to a professional tax preparer.

[1] *If the basis is not entered in Form 1099-B, box 3, and the taxpayer does not know the basis, there are several options: (a) contact their broker, (b) use $0 for the basis, or (c) calculate the basis by reviewing past stock records.*

[2] *If the stock was purchased in 2011 or after, the date will be shown in box 1b, Form 1099-B. For purchases prior to 2011, taxpayers must provide the date the stock was acquired.*

[3] *Some taxpayers may own shares of stock they bought on different dates or for different prices. This means they own more than one "block" of stock – each block may differ from the others in basis and/or holding period. If the taxpayer does not specify to the broker which "block" to sell, the shares are considered to have been sold from the earliest block purchased (First In, First Out method).*

Mutual Funds

Owners of mutual funds may receive both Form 1099-DIV and Form 1099-B to report capital gain distributions from sales of stock held by the mutual fund. Shares are generally acquired at various times, in various quantities, and at various prices. Taxpayers can choose to use either a cost basis or an average basis to figure the gain or loss. For more information on how to report the sale or exchange of mutual fund shares, refer to Pub 550, *Investment Income and Expenses.*

Wash Sales

A wash sale typically occurs when stock or another security is sold at a loss **AND** within 30 days — before or after the sale — the taxpayer buys the same stock or something "substantially identical." With a wash sale, the taxpayer isn't allowed to deduct the loss, but rather, the loss is added to the cost of the new stock resulting in an increased basis for the new stock. The holding period for the new stock or securities includes the holding period of the stock or securities sold.

The reporting of a wash sale is in scope **only if** reported on Form 1099-B (boxes 1f and 1g) or on brokerage or mutual fund statements (identified as wash sale loss disallowed).

Capital loss carryover

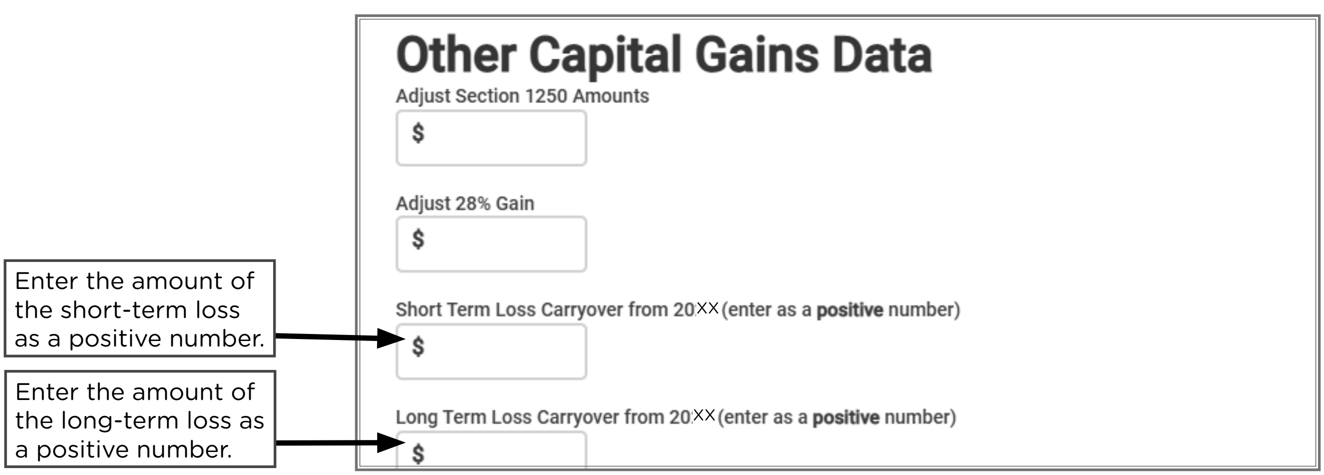
A taxpayer cannot take net losses of more than $3,000 ($1,500 for MFS) in figuring taxable income for any single tax year. Unused losses are carried over to later years until they are used up completely. The carryover losses are combined with the gains and losses that actually occur in the following year(s).

If a taxpayer reports that they have a long-term carryover loss, and they know the amount or have a worksheet showing the eligible amount, enter the amount in TaxSlayer.

The amount should be listed on a worksheet in their prior-year return. If they do not know the amount, they will need to get a copy of their prior-year return and come back to the tax site for a follow-up appointment.

Capital loss carryover

Federal Section » Income » Schedule D/Form 8949 » Capital Gains and Losses Carryover **Search keyword**: "cap" » other capital gains data



Sample Form 1099-B

Hilltop Securities Inc. Account 017 67017017 S1

Proceeds from Broker and Barter Exchange Transactions

20XX 1099-B* OMB No. 1545-0715

FATCA filing requirement [ ]

LONG TERM TRANSACTIONS FOR NONCOVERED TA LOTS [Ordinary gains or losses are identified in the Additional information column] *(Line 5)*
Report on Form 8949, Part II with Box E checked. Basis is NOT provided to the IRS. *(Line 3)*
"Date acquired," "Cost or other basis," "Accrued market discount," "Wash sale loss disallowed" and "Gain or loss (-)" are NOT reported to the IRS.

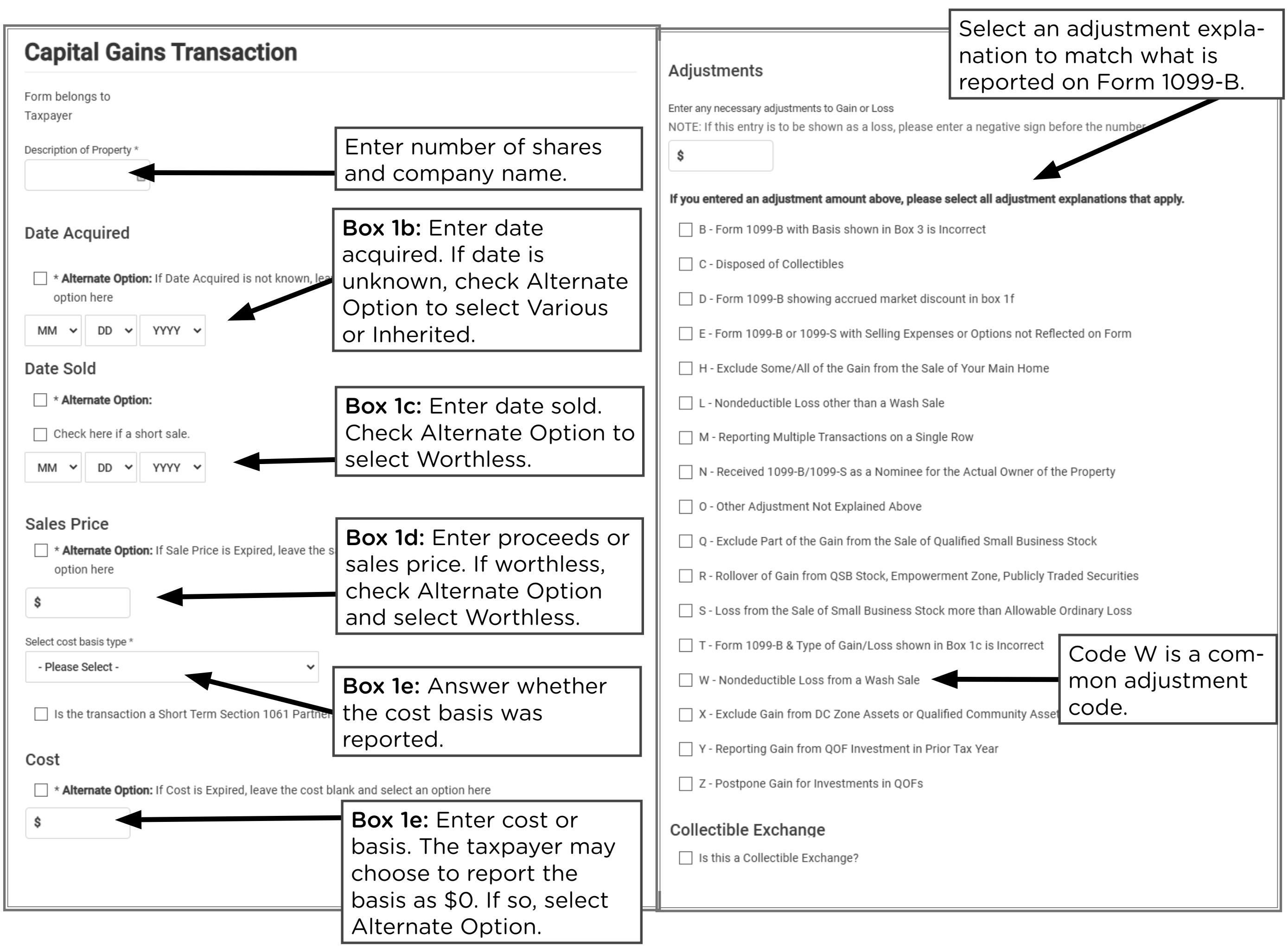
1a- Description of property/CUSIP/Symbol

1c- Date sold or disposed	Quantity	1d- Proceeds & 6- Reported (G)ross or (N)et	Date acquired	Cost or other basis	Accrued mkt disc (D) & Wash sale loss disallowed (W)	Gain or loss(-) & 7- Loss not allowed (X) also not reported (Z)	Additional information
MINNESOTA ST HSG FIN AGY TAXABLE- FULL CALL 01/07/16 @ 100 / CUSIP: 60415NH70 / Symbol:							
01/07/16	45,000.000	45,000.00	10/13/06	45,001.00	...	-1.00	Bond call Original basis: $45,015.75
WEST BEND WIS TAXABLE-CMNTY DEV FULL CALL @100 04/15/16 / CUSIP: 951427H48 / Symbol:							
04/15/16	50,000.000	50,000.00	03/28/07	50,082.45	...	-82.45	Bond call Original basis: $50,371.00
Totals :		**95,000.00**		**95,083.45**		**-83.45**	

Capital gains and losses

Federal Section » Income » Schedule D/Form 8949 » Stocks, Mutual Funds, Cryptocurrency, Collectibles, etc.
Search keyword: "cap" » capital gains and loss items

The data entry for Form 1099-B does not require a direct entry of the gain or loss. Enter the proceeds and the cost, and TaxSlayer will calculate the net amount and transfer it to the appropriate places on Schedule D and Form 8949



Sale or foreclosure of a home

Who must report the sale of a home?

Taxpayers who sold their main home during the tax year may be able to exclude any gain up to a maximum of $250,000 ($500,000 for MFJ taxpayers). A main home is defined as the taxpayer's home where the taxpayer lived most of the time, and the home has cooking, sleeping, and bathroom facilities. Sale of a home that is not the taxpayer's main home (e.g., an inherited home) is out of scope.

Generally, if the taxpayer can exclude all of the gain, it is not necessary to report the sale. See below for MN instructions for adding back nontaxable gains. If the taxpayer has a gain that cannot be excluded, it is taxable and reported on Form 8949. See below and use Pub 523, *Selling Your Home*, or Pub 4012, Tab D, pages D-40 through D-43, *Capital Gains or Losses Sale of Main Home.*

Taxpayer must report the sale of a home, when one of the following is true:

- Taxpayer does not meet the ownership or use tests. To meet the tests, the taxpayer must have owned and lived in the home for at least two years. The two years do not have to be continuous, but must be either a total of 24 full months or 730 days (365 X 2) during the five-year period ending on the date of the sale;
- Taxpayer has excluded the gain from the sale of another home during the two-year period ending on the date of the sale;
- Taxpayer has a gain and does not qualify to exclude all of it or chooses not to exclude it; or
- Taxpayer has a loss and received Form 1099-S.

What about taxpayers who experienced a foreclosure on their main home?

For taxpayers who meet the ownership and use tests listed above, the process is very similar to that for those who sold their home. However, taxpayers who have experienced a foreclosure may have received one or both of the following documents:

> **Form 1099-A, Acquisition or Abandonment of a Secured Property:** This form indicates that the house has changed ownership. It is used when the home was foreclosed on or abandoned by the owner.
>
> **Form 1099-C, Cancellation of Debt:** This form is issued to indicate the amount of debt that has been canceled on a home foreclosure or a loan modification.

For taxpayers receiving these forms who meet the ownership and use tests above, the amounts listed may not be taxable. If the taxpayer had their main home foreclosed on during the tax year, they should call 651-262-2169 to schedule an appointment with the self-employment clinic.

MN

Volunteers are unlikely to see a reportable, taxable gain on the sale of a home. However, any nontaxable gain must be included in Minnesota household income. Enter it as household income on Form M1PR and Schedule M1ED. See page 173 for more information.

How do you calculate the gain or loss from the sale of a home?

<table>
<tr><td>STEP 1</td><td>Determine the selling price, which is the total amount the seller received for the main home minus selling expenses, such as commissions, advertising fees, legal fees, and loan charges paid by the seller, such as points. If the seller received Form 1099-S, Proceeds from Real Estate Transactions, use the amount in box 2, which shows the gross proceeds received from the sale.</td></tr>
<tr><td>STEP 2</td><td>Determine the adjusted basis using the basis (original cost to purchase or build the home) and increase or decrease the amount by certain costs. Increase the basis to include additions or improvements to the home. Decrease the basis to include depreciation during the time the home was used for business purposes or as rental property.

Examples of eligible improvement costs

• Additions, such as bedroom, bathroom, porch, patio
• Plumbing, such as water heater, septic system
• Miscellaneous, such as storm windows/doors, new roof, wiring upgrades, security system, satellite dish
• Lawn & grounds, such as landscaping, driveway, fence, swimming pool
• Interior improvements, such as wall-to-wall carpeting, built-in appliances
• Heating & air conditioning, such as furnace, duct work, filtration system
• Special assessments for local improvements (curb, gutter, and sidewalk) not deductible as property taxes
• Insulation, such as attic, walls, floors, pipes and duct work

Alert: A home’s basis does not include the cost of any improvements that are replaced and are no longer part of the home. Repairs to the home that maintain the home’s condition, such as painting, fixing gutters, repairing plaster or replacing broken window panes do not add to the basis of the home.</td></tr>
<tr><td>STEP 3</td><td>Determine the gain or loss on the sale by subtracting the adjusted basis from the selling price of the home. If the taxpayer received Form 1099-S:

1. And there was a loss on the sale of the home, you must report the loss in the Sale of a Home section in TaxSlayer even though it is not deductible.
2. <u>OR</u> if you determine the gain is excludable, the sale should still be recorded in the "Sale of a Home" page in TaxSlayer.

See Pub 4012, Tab D, page D-40, for information on how to enter the exclusion of capital gains on the sale of a main home in TaxSlayer.</td></tr>
</table>

A taxable gain must be reported on Form 8949. (TaxSlayer transfers information on the Sale of a Home page to Form 8949 and Schedule D). If the home was used for business purposes, the gain is reported on Form 4797.

If the taxpayer is required to report the gain (or loss) of any home used for business, they should call 651-262-2169 to schedule an appointment with the P+P self-employment clinic.

TAXABLE STATE REFUND

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-G • Prior-year tax return	• IRS: Income page 2 • P+P: N/A	• 1040: line 8 and Sch 1 line 1 • M1: line 6 • M1PR: line 1	Basic

Overview: State tax refunds only count as income if a taxpayer itemized deductions in the previous tax year. It's rare to see taxable state refunds at P+P, as filers in our income range often take the standard deduction rather than itemize. However, many taxpayers will incorrectly mark on the IRS intake sheet that they received a state refund. If the taxpayer did not itemize in 2023, add a note to confirm this on the intake sheet.

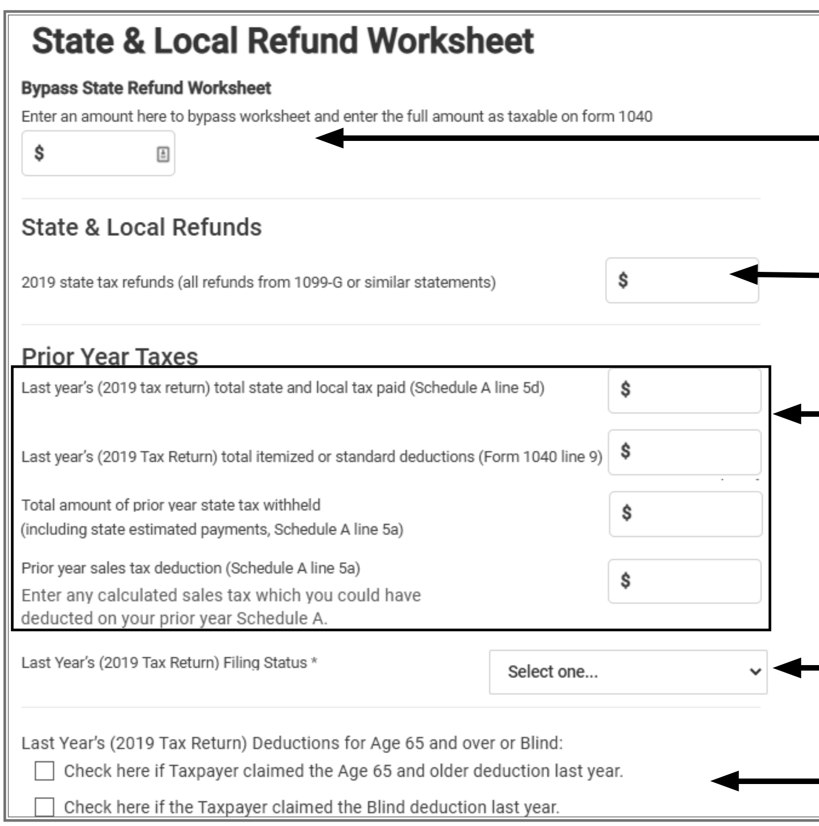
If a taxpayer itemized deductions on their 2023 federal tax return and deducted state or local income taxes, all or part of the 2023 state income tax refund may be taxable in 2024.

- **Scenario 1:** Used standard deduction on 2023 tax return — the state refund is not taxable.
- **Scenario 2:** Itemized deductions on 2023 tax return, and line 5a of Schedule A is checked for generaln sales tax — the state refund is not taxable.
- **Scenario 3:** Itemized deductions on 2023 tax return and line 5a of Schedule A shows income taxes deducted — some or all of the state refund may be federally taxable.
  - » Use the instructions below to add the State Refund Worksheet in TaxSlayer and calculate the taxable portion.

Taxpayers may look up their Form 1099-G with state refund information at the website revenue.state.mn.us (type "1099-G Refund Lookup" in the search bar).

State and local refunds

Federal Section » Income » Form 1099-G Box 2 **Search keyword:** "Box 2"



This line bypasses calculations to figure the taxable amount of the state refund. Use only if certain that full refund should be taxable.

Enter refund amount from Form 1099-G.
If entire state refund is from refundable credits (WFC, M1CD and K-12 ED), then entry is "0".

Use the 2023 Form 1040 and Schedule A to fill in appropriate values.

Enter filing status from the 2023 tax return.

Check the appropriate box if over 65 or blind in 2023.

ALIMONY RECEIVED

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records (e.g. divorce decree or bank statements)	• IRS: Income page 2 • P+P: N/A	• 1040: line 8 and Sch 1 line 2a • M1: line 1 • M1PR: line 1	Basic

Overview: Alimony is a payment to or for a spouse or former spouse under a divorce or separation instrument. Most divorced or separated taxpayers do not receive alimony.

Alimony received from divorce decrees made after 2018 are not included as income (applies to decrees modified after 2018 to match the new rules).

Alimony does not include voluntary payments. Alimony does not include payments for child support, non-cash property settlements, payments that are part of community income, payments to keep up the payer's property, or for the use of the payer's property.

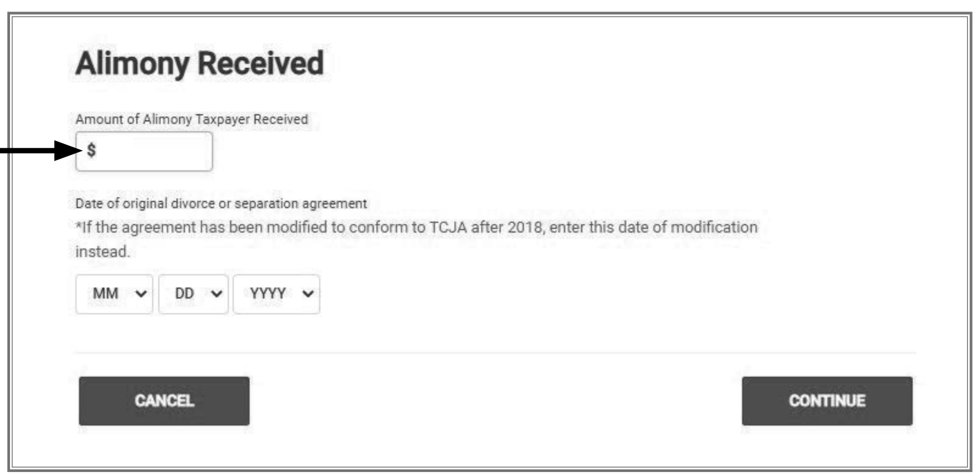
Alimony paid through a divorce decree or separation agreement made after 1984 and before 2019 is deductible by the payer (see page 95) and must be included in the spouse's or former spouse's income.

Alimony agreements made after 2018 do not result in taxable income for the recipient or deductible payments for the payer. Agreements made in previous years can be modified to fit these new rules.

Alimony received

Federal Section » Income » Alimony Received
Search keyword: "Alimony" (First result)

Enter the total taxable alimony received for the year.



SELF-EMPLOYMENT INCOME

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-NEC • Form 1099-K • Taxpayer records (e.g. canceled checks and invoices)	• IRS: Income page 2 and page 3 for Sch 3 expenses • P+P: N/A	• 1040: line 8, Sch 1 line 3, Sch C, Sch SE, Sch 2 line 4 • M1: line 1 • M1PR: line 1	Advanced

Overview: Taxpayers involved in an activity for the primary purpose of income/profit will include any income or profit from that activity as self-employment income on Schedule C. Taxpayers who work side jobs, such as independent contractors, freelancers and consultants, don't always consider themselves as "self-employed" and may need help identifying income and expenses. Always look for expenses to offset income.

Taxpayers may need time to find or recreate records of income or expenses, and may need a new appointment. Taxpayers should work with the P+P self-employment clinic if they have over $10,000 in self-employment income. See the scope chart on page 17 for more common referrals to the P+P self-employment clinic.

Self-employed taxpayers with net earnings of $400 or more are required to file. Taxpayers with less than $400 of self-employment income follow regular filing thresholds and must report all self-employment income along with all other income. For more details about minimum filing thresholds, see Pub 4012, Tab A, Pages A-3 to A-5.

Even if a taxpayer is not required to file a return, the taxpayer may want to file for tax credits, including the Earned Income Tax Credit and Working Family Credit.

Special self-employment situations

Uber, Lyft, or other courier income

Taxpayers who receive income from driving for Uber, Lyft, or other courier services are self-employed. Mileage needs to be classified as commuting, business, or personal.

Uber and Lyft drivers often receive Form 1099-NEC or Form 1099-K reporting compensation and certain expenses. Drivers may also receive a mileage report listing business miles driven during the year. The summary lists total "online miles", which includes miles driven with a passenger, waiting for a trip, and the distance to pick up a new rider. For an explanation of commuting and business miles, see page 84.

Medical Assistance for Employed Persons with Disabilities

Medical Assistance for Employed Persons with Disabilities (MAEPD) is a program that provides state-sponsored health insurance for individuals with disabilities who earn at least $65.01 per month. When self-employed, these taxpayers may have few or no expenses. Self-employed MAEPD recipients must pay self-employment tax to continue to qualify for health coverage. Report income on Schedule C, **not** as other income.

Do NOT enter expenses that will reduce the Schedule C income to less than $800.

If a taxpayer is highly motivated and ready to make changes to get a handle on their money, the P+P financial coaching program, Money Mentors, may be a great fit. Refer the taxpayer to a customer support volunteer or **prepareandprosper.org/money-mentors** for more information.

Compensation that may or may not be self-employment income

Hobby income, amounts on Form 1099-K, state agency payments for child care, Qualified Medicaid Waiver payments, and plasma donations may or may not be self-employment income.

Hobby income

If the taxpayer is not doing business to make a profit, any income received may be considered hobby income (out of scope for VITA). The IRS will consider some of the following factors to determine whether income is from a hobby or self-employment:

- Did the activity make a profit in at least 3 of the last 5 years, including the current year?
- Is there intention to make a profit?
- Has the taxpayer made a profit in similar activities in the past?

Form 1099-K

Form 1099-K reports third-party network transactions through apps like Square, Cash App, Venmo, and PayPal. It also reports trip payments to Uber or Lyft drivers and sales on sites like eBay and Etsy. Payment processors are required to issue Form 1099-K for transaction totals exceeding $5,000.

Taxpayers may or may not use third-party networks to run a business. Taxpayers may receive a 1099-K misreporting nontaxable personal transactions like reimbursements or gifts.

- **If 1099-K payments are self-employment:** Report the amount as gross receipts in the Schedule C section of TaxSlayer along with cash payments or other self-employment income that is not reported on Form 1099-NEC (see page 82).
- **If personal transactions are misreported on a 1099-K:** The amount must be reported in two places. Report the amount as other income[1] with the description, "1099-K RECEIVED IN ERROR". Then report the amount in other adjustments[2] with the description "1099-K RECD IN ERROR".

  See Pub 4012, Tab D, page D-24 and D-25, for more details.

State agency payments for child care

Payments from state agencies to grandparents who care for grandchildren are taxable and may be found on Form 1099-NEC or Form 1099-MISC box 3. State agencies may not know if the grandparents are operating a day care business and may report the payments on Form 1099-NEC when Form 1099-MISC box 3 would have been correct. Cash payments must also be included as income for the grandparents.

- If grandparents **are not** conducting a business of caring for children, the income is reported as other income[1]. Expenses are not deducted.
- If the grandparents **are** conducting a business of caring for children, this income is reported on Schedule C. Eligible expenses can be deducted.

Qualified Medicaid Waiver payments

Qualified payments may be included or excluded from gross and earned income; however, they must be added back into household income to figure credits on Form M1PR. Payments may be reported on Form 1099-MISC, Form 1099-NEC, or on Form W-2. See page 59 and Pub 4012, Tab D, page D-12 and D-13, for more information and TaxSlayer data entry information.

Plasma donations

If a taxpayer donates plasma, ask the taxpayer follow-up questions to determine whether it is self-employment income or other income. If the donations are frequent and the amount received is over $400 in a year, this income can be considered self-employment and entered on Schedule C. Otherwise, the amount received would be listed as other income[1].

[1] *Other Income in TaxSlayer: Federal Section » Income » Other Income » Other Income Not Reported Elsewhere*
[2] *Other Adjustments in TaxSlayer: Federal Section » Deductions » Adjustments » Other Adjustments*

Starting Schedule C

When starting a return with business income, use the Self-Employment Tax Organizer (SETO) to help organize the taxpayer's income and expenses.

Review the self-employment scope of services chart on page 17 before starting a Schedule C return to determine if the return can be prepared outside of the self-employment clinic.

Profit or loss from a business for Schedule C

Federal Section » Income » Schedule C » Profit or Loss from a Business
Search keyword: "sc" (second option) — see above

Schedules C common business codes

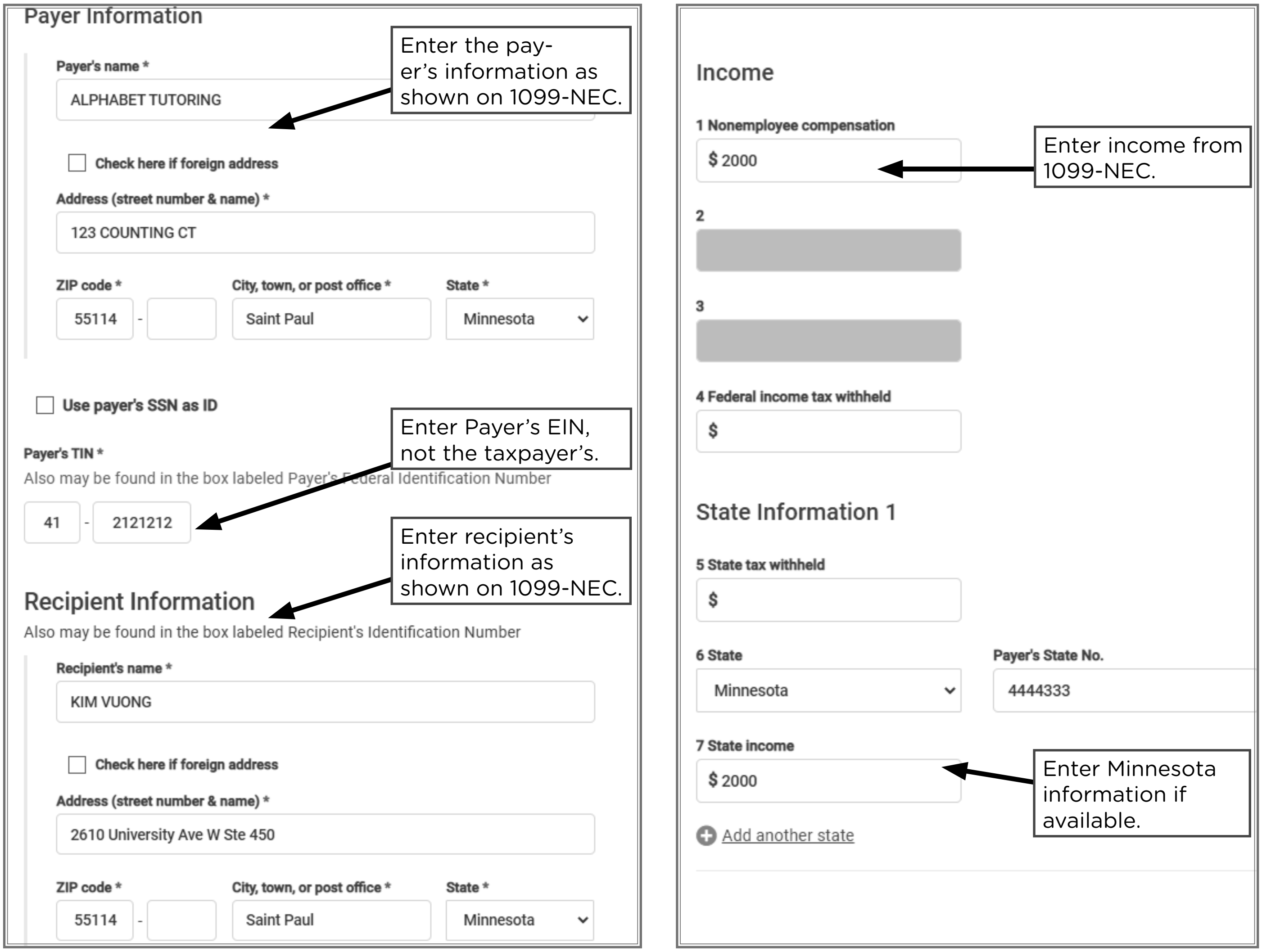
Complete list is available in TaxSlayer. If no code fits the taxpayer's work, enter 999999.

711510	Artist or performer	812211	Barber or hair stylist	561740	Carpet cleaner
492000	Courier, delivery, or paper carrier	541400	Crafts, jewelry makers, or designers	624410	Day care
621610	Home health care or Indian Health Contract	541930	Interpreter	561720	Janitor or maintenance
561730	Landscaper	812990	Massage therapy or other personal services	561110	Office administrative services
238320	Painter	812910	Pet care services	541920	Photographer
485300	Rideshare driver	238160	Roofer	611000	Tutor

Self-employment income

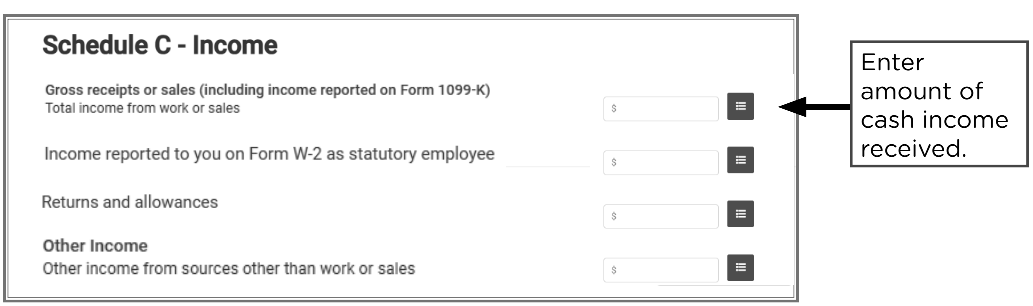
1099-NEC

Federal Section » Income » Form 1099-NEC
Search keyword: “1099-NEC”



Cash income for Schedule C

Federal Section » Income » Schedule C » Income
Search keyword: “sc” (second option) — see above



After entering Form 1099-NEC, add it to a new or existing Schedule C. Ensure amount transfers to Schedule C and to Schedule 1, line 3.

Self-employment expenses

Self-employed taxpayers may deduct expenses that are **ordinary** and **necessary** to the business. This means the expense has to fit with and be helpful to the business. If a taxpayer has an expense that doesn't seem to fit their business, they might have a second business. These are some common expenses:

- Mileage[1]
- Office supplies
- Advertising
- Business liability insurance
- License fees
- Legal/professional services
- Cell phone[2]
- Computer[2]
- Internet access[2]
- Parking fees
- Rental of space for business
- Supplies needed for business use
- Interest paid on a business credit card or checking account
- Meals while traveling are deductible at 50% of their cost
- *Regular clothing and shoes are not deductible expenses unless they are job-related only (like a uniform) or are required for safety (like steel-toed boots)*

[1] *Business mileage is 67 cents per mile for 2024. See page 84 to determine allowable business mileage.*

[2] *Calculate percentage used for business only.*

Many self-employed taxpayers qualify for the qualified business income deduction (QBID). The deduction lowers the taxable income subject to income tax and has no impact on self-employment tax or Schedule C calculations. See page 103 for more information.

General expenses for Schedule C

Federal Section » Income » Schedule C » General Expenses
Search keyword: "sc" (2nd option) — see above


Schedule C - Expenses

Advertising	$	Pension and profit sharing	$
Contract Labor	$	Rent or lease of equipment	$
Commission and fees	$	Rent or lease of property	$6000
Depletion	$	Repairs and maintenance	$
Employee benefit programs	$	Supplies	$2503
Health Insurance (will carry automatically to worksheet)	$	Taxes and licenses	$175
Insurance (other than health)	$97	Travel	$
Mortgage interest	$	Meals and entertainment (50%) **Enter 100% of the expenses.**	$
Other interest	$	Meals and entertainment (80%) **Enter 100% of the expenses.**	$
Legal and professional services	$	Utilities	$
Office expense	$	Wages (less employment credits)	$

Medical insurance premiums for the self-employed are not listed as a deduction on Schedule C. However, taxpayers may use the expense as an adjustment. See page 95 for more information.

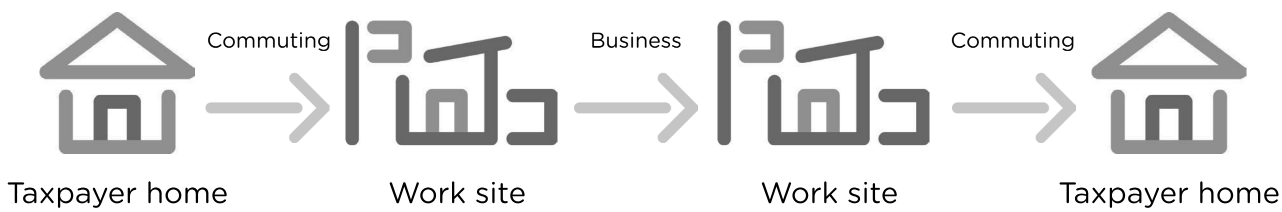
Commuting or business mileage

Taxpayers without a home office typically have three types of mileage: **commuting, business**, and **personal**. Commuting mileage is travel from home to a work site, and returning from a work site to home. Business mileage is from one work site to another work site, and personal mileage is any mileage not related to work.

- Mileage must be documented to be used as an expense. A mileage log can be recreated using Google Maps.
- Travel from a regular job (W-2 situation) to a work site to perform self-employment tasks (or vice versa) is considered business mileage.
- Taxpayers can claim business miles from their home to the work site if they meet the requirements to claim the business use of the home deduction (see page 85).
  - » Taxpayers claiming the business use of the home deduction may not have commuting miles, since their home is a work location. All other taxpayers must track their commuting miles.

The following scenario depicts business mileage for a self-employed taxpayer without a home office. Let's look at commuting mileage during a work day.

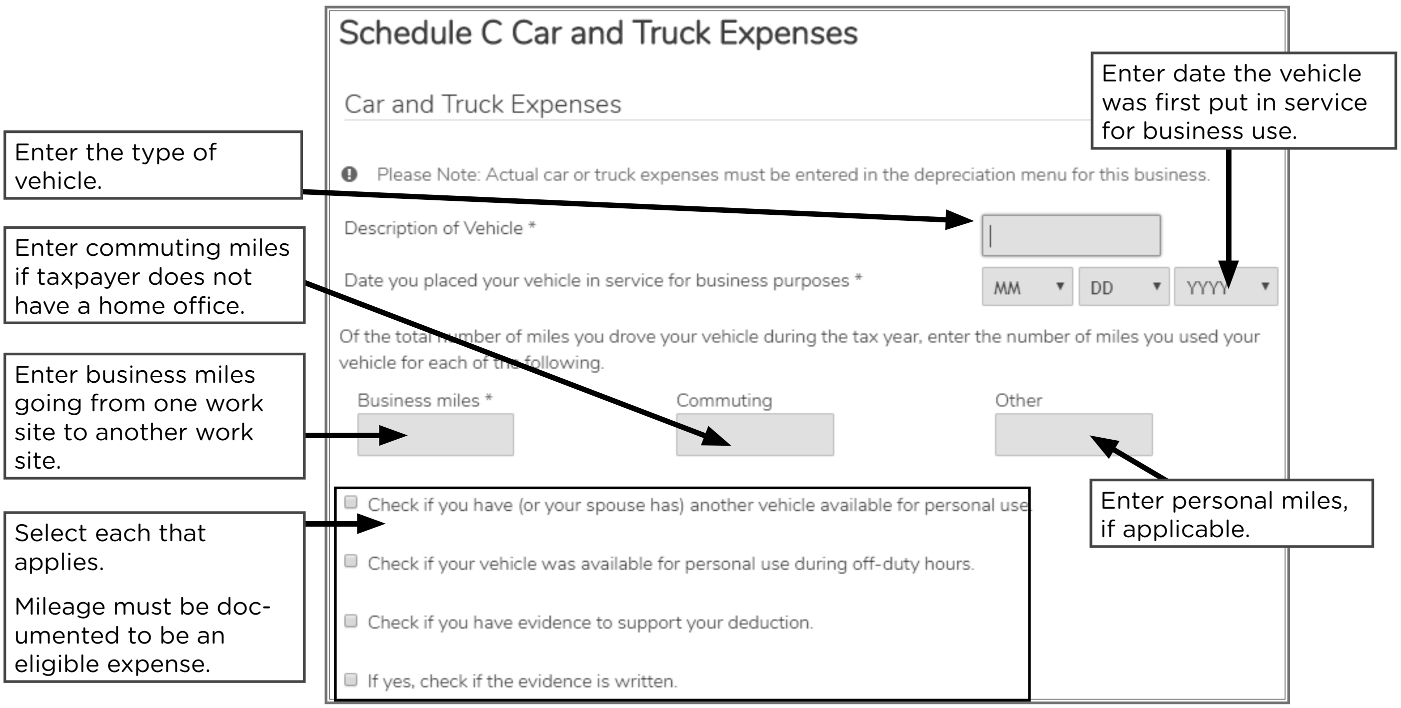
Let's look at mileage during a work day for the same self-employed taxpayer with another stop on the way. This example shows deductible business mileage; the trip from the first work site to the second work site.



Mileage must be documented to be used as an expense. This can be on a written log or tracked virtually. Mileage tracking apps like MileIQ or Everlance produce mileage summaries and can be used as mileage logs. Mapping on Google Maps is another option for recreating a log.

Car and truck expenses for Schedule C

Federal Section » Income » Schedule C » Car and Truck Expenses
Search keyword: "sc" (2nd option) — see above



Determine business use of the home deduction

If a taxpayer qualifies for the business use of the home deduction, refer to P+P at 651-262-2169 to schedule an appointment with the P+P self-employment clinic.

Taxpayers can choose to use either the Simplified Option or the Regular Method to deduct expenses for business use of the home.

The taxpayer must meet these requirements to deduct expenses for business use of the home:

1. Part of the home was used exclusively and regularly as a principal place of business; e.g., as a place to meet with clients, store inventory, or operate a day care facility[1]
2. **And** Taxpayer had no other fixed location where they could conduct substantial administrative or management activities for their trade or business

[1] *Day care operations must have a dedicated space, but it is the only business where the space need not be exclusive.*

RENTAL REAL ESTATE INCOME, ROOMMATES, AND BOARDERS

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-Misc • Form 1099-K • Sch K-1 • Taxpayer records (e.g. rental agreement and bank statement)	• IRS: Income page 2 • P+P: N/A	• 1040: line 8, Sch 1 line 5, and Sch E • M1: line 1 • M1PR: line 1	Military
Overview: Rental income is most common for taxpayers who own real estate property and allow others to pay for use of the space. Taxpayers are sometimes in a shared living situation with roommates, not renters. Rental income is out of scope for P+P. However, some VITA sites with military certified preparers can prepare returns for military families with rental income.			

Rental income is out of scope for P+P, but income from roommates is not. Generally speaking, when two or more people live under the same roof and share expenses like rent and utilities, they are roommates (and in some cases co-tenants). This type of arrangement does not create taxable income for any of the parties.

However, when the relationship is more formal (e.g., landlord and tenant, or main signatory on an apartment lease and a boarder) the money received for housing is taxable. This type of arrangement is out of scope. Examples may include:

- The parties self-identify as landlord and tenant (or renter).
- A contract has been signed between the parties.
- A CRP may be issued.
- The intent of the landlord or main signatory is to generate income.

The above scenarios are in reference to filing a federal tax return. Minnesota has different requirements regarding roommate arrangements when filing Schedule M1RENT. For more information, see page 165.

UNEMPLOYMENT COMPENSATION

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-G	• IRS: Income, line 12 • P+P: N/A	• 1040: line 8 and Sch 1 line 7 • M1: line C and line 1 • M1PR: line 1	Basic
Overview: Unemployment income is common for taxpayers who were out of work due to being laid off or asked to leave a position for reasons other than misconduct. Unemployment is unearned income and won't qualify the taxpayer for the Earned Income Credit.			

To print a copy of Form 1099-G, go to **www.uimn.org/uimn/applicants**

1. Select Login to My Account.
2. On My Home Page, click View and Maintain My Account on the left navigation bar.
3. Click My 1099-G's from the expanded list.
4. Click the link of the year you want to view.

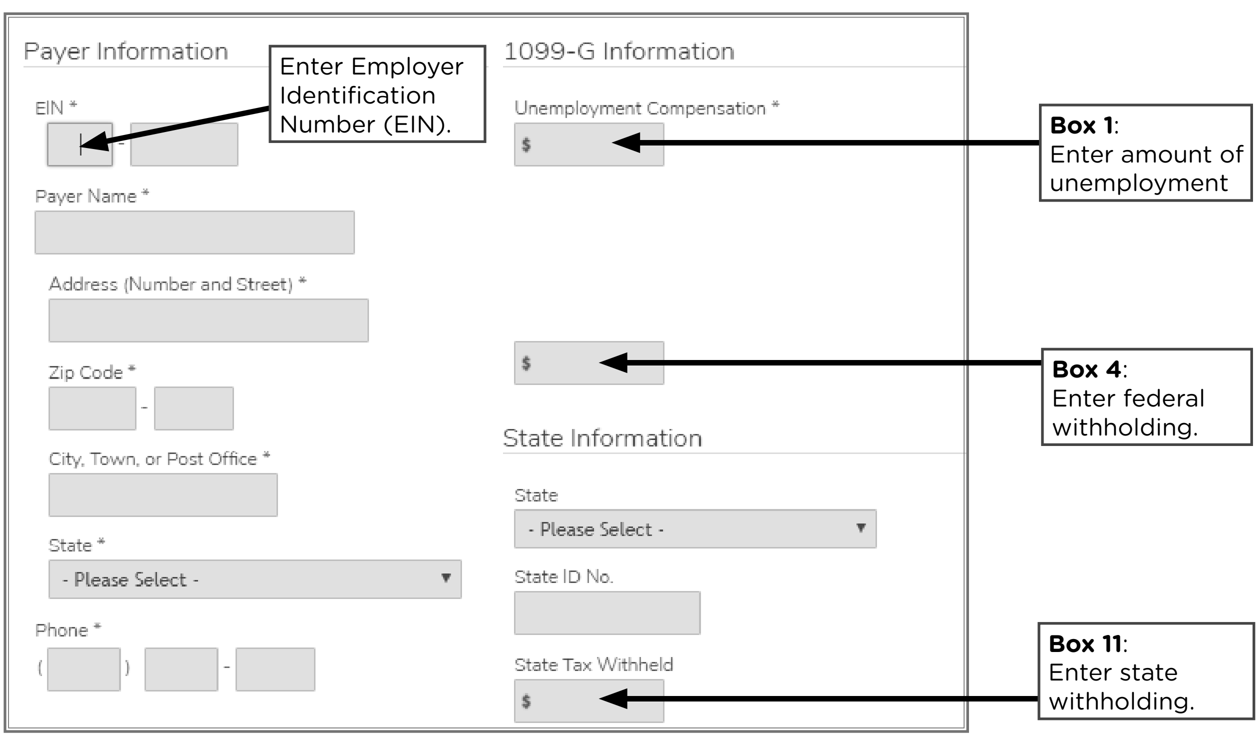
NOTE: Website is only available Sunday-Friday, 6:00 a.m. - 8:00 p.m.

Repayment of unemployment benefits

If the taxpayer repaid unemployment benefits in the year in which they were received, use the "Repayment of Unemployment Benefits" page in TaxSlayer to report these on the return. Repayments of benefits received in a prior year cannot be subtracted from benefits received in the current year. If the taxpayer repaid more than $3,000 of benefits received in a prior year, they may be able to claim federal and Minnesota credits based on changes to prior-year taxes owed. If the taxpayer would benefit from these credits and chooses to take them, the return is out of scope.

Unemployment Compensation for 1099-G

Federal Section » Income » Form 1099-G Box 1 » Add or Edit a 1099-G
Search keyword: "-g"



OTHER INCOME

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-Misc • Form W-2G • Form 1099-C • Taxpayer records	• IRS: Income page 2, Expenses and Tax-related Events page 3 • P+P: N/A	• 1040: line 8 and Sch 1 line 8 • M1: line 1 • M1PR: line 1	Basic

Overview: "Other income" is income that doesn't have its own line elsewhere on Form 1040. Even if the taxpayer does not receive an income document from the payer, other income must be reported unless it qualifies for an exception. Some sources of income without a specific line on Form 1040 may actually be self-employment income.

Examples of other taxable income include those listed below. See Pub 17, *Other Income* chapter, for more information and a more extensive list of examples.

- Most payments reported on Form 1099-MISC in box 3 (including for sheltered workshop participants — see below)
- Nonbusiness credit card debt cancellation (see page 89)
- Gambling winnings, including lotteries and raffles (see page 89)
- Certain tribal payments (see page 90)
- Jury duty pay
- Some settlement payments (see Pub 4345, *Settlements — Taxability*)
- Prizes and awards (including AmeriCorps education awards)
- Most payments to medical research participants

Student loan forgiveness

Typically, forgiven (discharged) loans are subject to federal and state income taxes. However:

- For tax years 2021 through 2025, congress exempted a broad array of student loan forgiveness programs from federal income tax, thanks to the American Rescue Plan Act (ARPA).

  Unless the taxpayer is not eligible for the exclusion, the lender should not issue them a Form 1099-C, regardless of the amount of debt forgiven.
- Minnesota permanently adopted the broad ARPA exclusion into state tax code with the creation of a subtraction on Line 28 of the M1M.

While forgiven student loans are not reportable as taxable income, the forgiven amount must be included in Minnesota nontaxable household income on Form M1PR. See page 173 for more information.

Sheltered workshop

1. **Individuals in training:** Form 1099-MISC, box 3 — report on Form 1040, Schedule 1, line 8z. A rehabilitation training program is designed to prepare individuals for placement in private industry. These individuals are not employees of the workshop, and pay received for participation in the training does not qualify them for the EIC or Working Family Credit.
2. **Regular workshop employees:** Form W-2 — report on Form 1040, line 1. Individuals who complete the training and continue working in the sheltered workshop because they are unable to compete in regular industry are considered employees. They are eligible for the EIC and Working Family Credit.
3. **Individuals working at home:** Form 1099-NEC — report on Form 1040, Schedule C. Individuals who are incapable of working in the workshop, but produce salable articles, are not employees. They are self-employed, and eligible for the EIC and Working Family Credit.

Cancellation of nonbusiness credit card debt

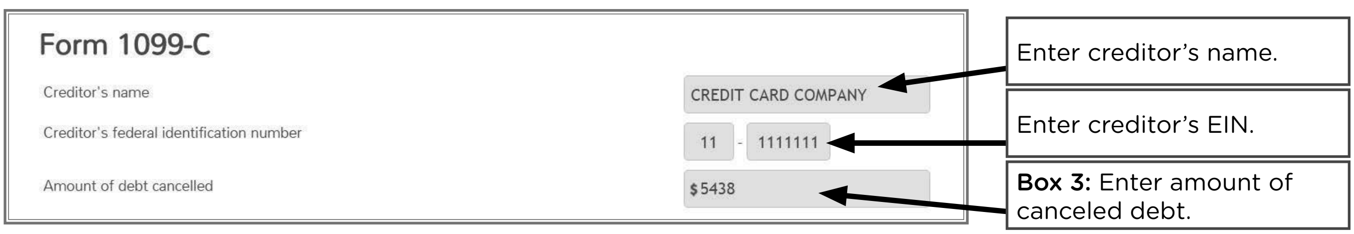
Lenders and creditors are required to issue Form 1099-C if they cancel a debt of $600 or more. If the canceled debt is less than $600, some lenders or creditors send a letter or other form of notification. Generally, taxpayers must include all canceled debts regardless of the amount.

If the taxpayer was solvent (i.e., taxpayer's assets were greater than their liabilities) immediately before the debt was canceled, then canceled credit card debt is within VITA scope. If the taxpayer was insolvent, the return is out of scope. See Pub 4012, Tab D, page D-72, for screening tips. Refer them to a paid preparer, because the taxpayer may be allowed to exclude the canceled debt from their income.

If the taxpayer had any other debt canceled (e.g., auto loan forgiven), a bankruptcy, or if the taxpayer was insolvent, refer the taxpayer to a paid preparer.

Cancellation of Debt for 1099-C

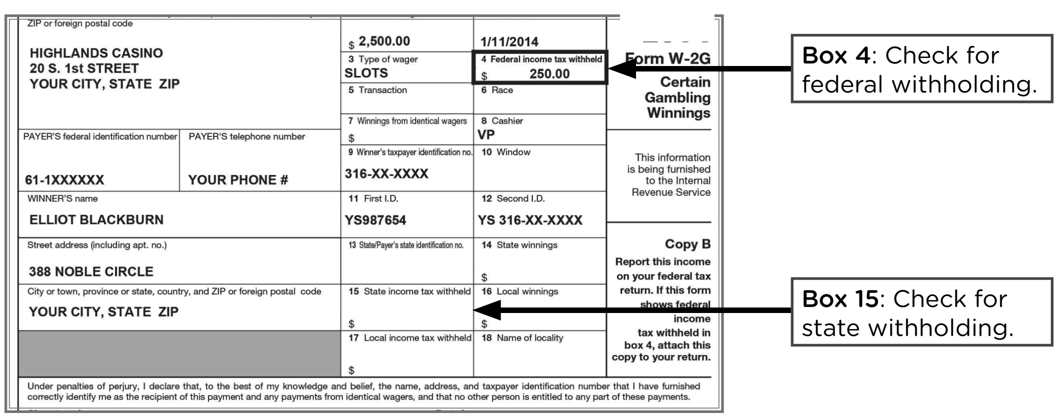
Federal Section » Income » 1099-C, 982 » Cancellation of Debt
Search keyword: "-c"



Gambling winnings

Taxpayers must report the full amount of gambling winnings as income whether or not Form W-2G was issued. Taxpayers who itemize deductions can deduct gambling losses on Schedule A — Miscellaneous Deductions, **but only up to the amount of their winnings**. See page 103 for instructions on how to enter a loss into TaxSlayer.

Example: Tyler has Form W-2G showing winnings of $2,500. He kept a record of all losses and winnings. The record documents losses of $3,700. Only $2,500 in losses can be deducted on Sch A if Tyler itemizes deductions.



Gambling Winnings for W-2G

Federal Section » Income » Other Income » W-2G
Search keyword: "W2G"

Tribal payments

Tribal council members completing council duties (Revenue Ruling 59-354)

Tribal council members paid for performing council duties should receive a Form W-2 with the amount shown in box 1 and nothing in boxes 2, 3, 5 and 6. These payments are not subject to self-employment tax, FICA or Medicare taxes. In some cases, the tribal entity is reporting the payment on a Form 1099-MISC. (Revenue Ruling 59-354 does not apply to tribal board and committee members, grazing officials or judges.)

MN

Many taxpayers with income that is earned on a reservation may be able to exclude income on their Minnesota return even when it is taxable on the federal return. See page 143.

Tribal distributions (may be reported on Form 1099-MISC)

Per Capita Payments
(enter as Other Income)

Specify source using the exact phrasing listed below

1. Indian Gaming Proceeds
2. Indian Gaming Revenue Sharing, Gaming Per Capita
3. Gaming Distributions
4. Casino Gaming Proceeds
5. Royalties from Mining, Oil & Gas
6. Timber from (name source)

Pow Wow Prizes
(enter as Other Income)

1. Awards to dancers and drum groups
2. Form 1099-MISC is issued for prizes awarded of $600 or more

<u>Exempt</u> from Federal Taxes
(do not enter as income)

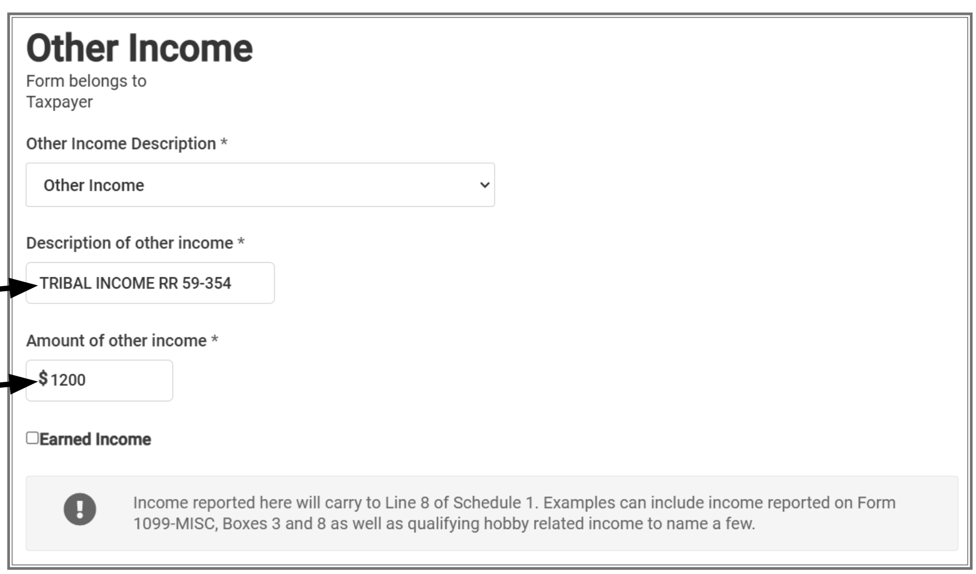
1. Income from treaty-based fishing rights, only if 90% of all gross fishing income is from tribal waters
2. Income from allotted and restricted Indian lands
3. Benefit payments from federally mandated funds (Rev. Rul. 68-38) to unemployed and underemployed residents of an Indian reservation

Taxable tribal payments

Federal Section » Income » Other Income » Other Income Not Reported Elsewhere
Search keyword: N/A

Enter “Tribal Income RR 59-354” in Description of Other Income.

Enter amount of income on 1099-MISC.



SCHEDULE K-1

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Sch K-1	• IRS page 2 • P+P: N/A	• 1040: various • M1: line 1 • M1PR: line 1	Basic (advanced if reporting capital gains)
Overview: Schedule K-1 is used to report the taxpayer's share of income from partnerships, S corporations, and some estates and trusts. Income reported on Schedule K-1 will be included on the taxpayer's return in various places depending on the type of income. Most income reported on this form is out of scope. (See more in Pub 4012, Tab D, pages D-59-62).			

Income reported on Schedule K-1 that is in scope includes:

- Interest income
- Dividend income
- Qualified Dividend income
- Net short and long-term capital gains and losses (Schedule D)
- Tax-exempt interest income
- Royalty income (Schedule E)
- Foreign tax credit
- 199A dividends

Schedule K-1

Federal Section » Income » Other Income » K-1 Earnings
Search keyword: "K-1"

Select the correct Schedule K-1 from the list to continue entries. Pub 4012 contains more detailed data entry instructions.

ABLE ACCOUNTS

An ABLE account is a tax-advantaged savings account that allows people with disabilities to save money for qualified disability-related expenses without affecting their eligibility for government assistance programs.

Contribution limits are $18,000 per year (from any source). However, an ABLE account owner with a job may contribute an additional $14,580 from their earnings into their ABLE account.

Distributions are tax-free if used for qualified disability expenses, and are reported on Form 1099-QA. For more info look up Pub 907, Tax Highlights for Persons With Disabilities.

An ABLE account owner may be able to claim a saver's tax credit for making eligible contributions to an ABLE account, reported on Form 5498-QA. See more on page 109.

FEDERAL ADJUSTMENTS

EDUCATOR EXPENSES DEDUCTION

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records (e.g. receipts)	• IRS Intake page 1 Expenses page 2 • P+P: N/A	• 1040: line 10 and Sch 1 line 11 • M1: Sch M1ED line 5 • M1PR: line 5	Basic

Overview: This deduction rarely comes up at P+P. Taxpayers working as a teacher, instructor, counselor, principal, or aide in a K-12 school for at least 900 hours during the school year may qualify for this deduction. Home school doesn't qualify. Educators can deduct up to $300 for supplies used in the classroom. These expenses must be ordinary and necessary expenses (e.g. books, supplies, equipment, and personal protective equipment).

Educator Expenses for Deductions

Federal Section » Deductions » Adjustments » Educator Expenses
Search keyword: "Educator"

Enter amount paid for educator expenses.

HEALTH SAVINGS ACCOUNT DEDUCTION + FORM 8889

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form W-2 box 12 code W • Form 5498-SA • Form 1099-SA • Taxpayer records (e.g. account statement)	• IRS: Expenses and Tax-related Events page 3 • P+P: N/A	• 1040: lines 8 and 10a, Sch 1 lines 8f and 13, and Form 8889 • M1: N/A • M1PR: line 5	Advanced

Overview: Taxpayers who contribute to a health savings account (HSA) may qualify for a deduction. Many taxpayers make contributions through payroll deductions, which will be reported on their W-2, and do not qualify for the HSA deduction. Form 8889 must be completed for any taxpayer who made contributions to or took distributions from an HSA. *Enter 8889 in the TaxSlayer form search for easy access.*

A health savings account (HSA) is a medical savings account designed to pay for medical expenses and save for future expenses on a tax-free basis. HSAs are owned by individuals, but contributions may be made by an employer or any other person. Funds do not expire.

A flexible spending arrangement (FSA) is often confused with an HSA. FSAs are not reported on a tax return. FSAs have funds that must be used during a specific time period and expire if they are not used. Returns for taxpayers with other health arrangements are out of scope.

Spotting a Health Savings Account

- Form W-2 with code W in box 12 showing employer and employee pre-tax contributions.
- Form 5498-SA documenting total HSA contributions in the year.
  - » Contributions can be included on the return based on a taxpayer's records because this form is generally issued after the tax deadline.
- The taxpayer has Form 1099-SA with an "X" in box 5 showing distributions from an HSA
  - » Distributions can be included on the return based on a taxpayer's records because this form is generally issued after the tax deadline.

Eligible individual for an HSA

An eligible individual must meet all of the following requirements:

1. Be covered by a high-deductible health plan (HDHP) on the first day of the month.
2. Not be covered by other health insurance (see Pub 969 for exceptions).
3. Not be enrolled in Medicare (the individual can be HSA-eligible for the months before being covered by Medicare).
4. Not be eligible to be claimed as a dependent on someone else's tax return.

Rules for married individuals: Married couples cannot have a joint HSA. Each eligible spouse who wants to have an HSA must open a separate account, but distributions can be used for either spouse.

Contributions to an HSA — Form 8889 Part I

The taxpayer can make contributions in 2025 prior to the filing deadline (April 15, 2025) and choose to count them as contributions made in 2024 or 2025. The deduction can be entered even if the contribution has not yet been made when the taxes are prepared. Employer contributions (W-2 code W) carry forward and should not be entered again.

Contributions to HSAs have annual limits based on the taxpayer's type of coverage and age.

Self Only	Family Coverage	Age 55 or older
$4,150	$8,300	+$1,000

Taxpayers without full-year coverage have a pro-rated contribution limit based on the number of months they were eligible. Contributions to an HSA by an employer count towards the annual contribution limit, including contributions made through a Section 125 cafeteria plan.

Distributions from an HSA — Form 8889 Part II

All distributions must be reported on Form 8889. Distributions must be used for qualified medical expenses (see below). Distributions can be taken for expenses for the taxpayer (or spouse) with a self-only plan or for the taxpayer, spouse, or dependents with a family-coverage plan.

Distributions used for non-qualified expenses are taxable and subject to an additional 20% tax. This additional tax does not apply if distributions are taken because the account holder dies, becomes disabled, or is age 65 or older.

The list below includes some common qualifying medical expenses. Find more expansive lists in Pub 4012, Tab E, pages E-10 through E-14, and Tab F, pages F-8 through F-9.

- Prescription medicines
- Doctor visits
- Dental services
- Medical specialist visits
- Medical equipment
- Psychiatric and psychological treatment
- Glasses and contact lenses
- Hearing aids
- Bandages
- Over-the-counter medication
- Menstrual care products
- COVID-19 home testing

Federal Section » Deductions » Adjustments » Health Savings Account
Search keyword: "HSA" or "8889"

Check whether self (single) or family coverage.

Enter HSA contributions made by employee or employer (do not include amounts from Form W2, box 12). Contributions may be shown on Form 5498-SA.

Contributions made by relatives or friends are considered made by the taxpayer.

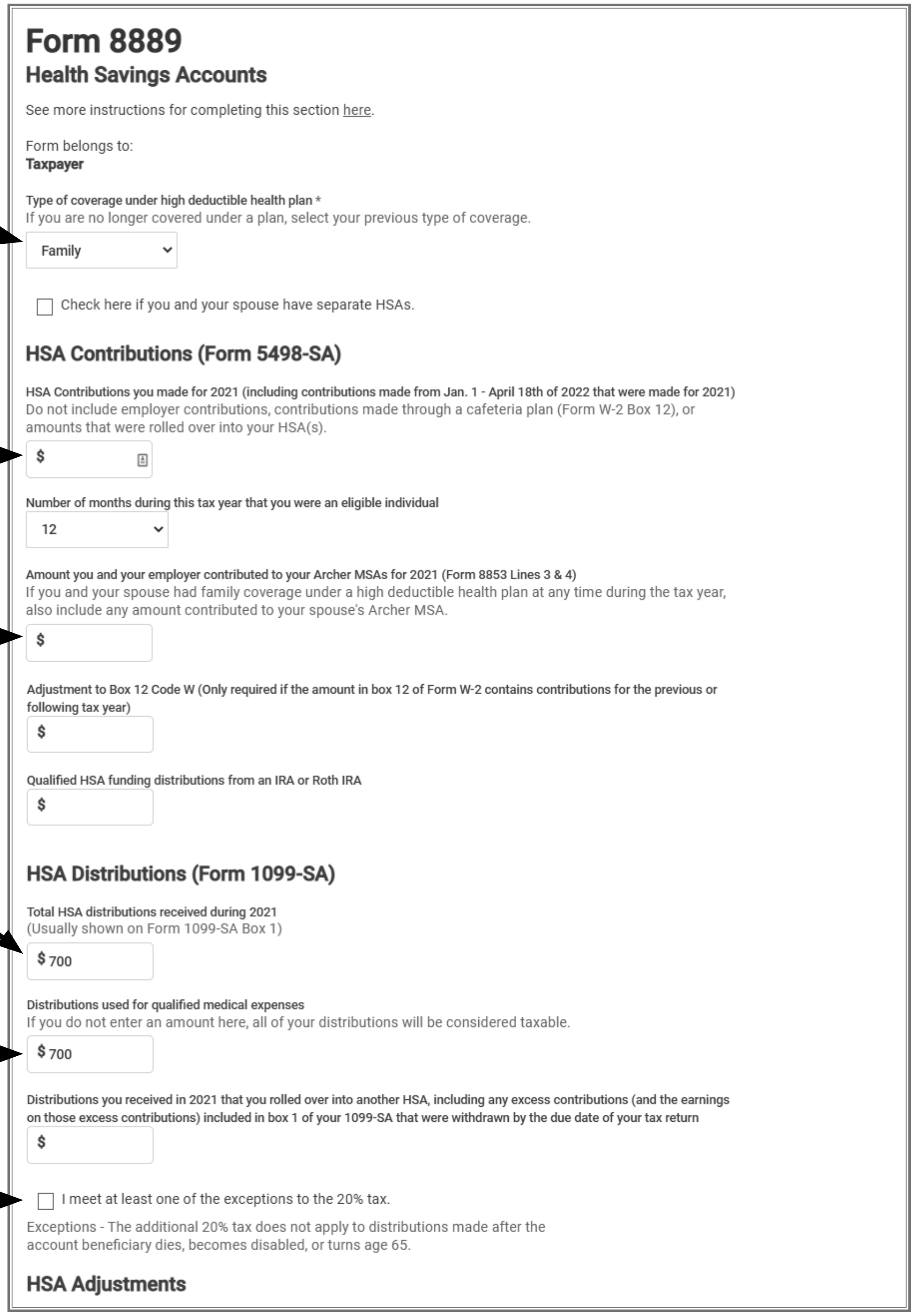
Archer MSAs are out of scope for VITA.

Enter amount shown in box 1, Form 1099-SA. Verify HSA box is checked in box 5, Form 1099-SA.

If this is not an HSA distribution, refer taxpayer to a paid tax preparer.

Enter the amount the taxpayer paid from HSA during the year for qualified medical expenses. Cannot take deduction on Schedule A for any amount included here.

Check here if the account beneficiary died, became disabled, or turned age 65. These individuals are exempt from the 20% tax.



Form 8889
Health Savings Accounts

See more instructions for completing this section here.

Form belongs to:
Taxpayer

Type of coverage under high deductible health plan *
If you are no longer covered under a plan, select your previous type of coverage.
Family

☐ Check here if you and your spouse have separate HSAs.

HSA Contributions (Form 5498-SA)

HSA Contributions you made for 2021 (including contributions made from Jan. 1 - April 18th of 2022 that were made for 2021)
Do not include employer contributions, contributions made through a cafeteria plan (Form W-2 Box 12), or amounts that were rolled over into your HSA(s).
$

Number of months during this tax year that you were an eligible individual
12

Amount you and your employer contributed to your Archer MSAs for 2021 (Form 8853 Lines 3 & 4)
If you and your spouse had family coverage under a high deductible health plan at any time during the tax year, also include any amount contributed to your spouse's Archer MSA.
$

Adjustment to Box 12 Code W (Only required if the amount in box 12 of Form W-2 contains contributions for the previous or following tax year)
$

Qualified HSA funding distributions from an IRA or Roth IRA
$

HSA Distributions (Form 1099-SA)

Total HSA distributions received during 2021
(Usually shown on Form 1099-SA Box 1)
$ 700

Distributions used for qualified medical expenses
If you do not enter an amount here, all of your distributions will be considered taxable.
$ 700

Distributions you received in 2021 that you rolled over into another HSA, including any excess contributions (and the earnings on those excess contributions) included in box 1 of your 1099-SA that were withdrawn by the due date of your tax return
$

☐ I meet at least one of the exceptions to the 20% tax.
Exceptions - The additional 20% tax does not apply to distributions made after the account beneficiary dies, becomes disabled, or turns age 65.

HSA Adjustments

DEDUCTIONS FOR THE SELF-EMPLOYED

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records (e.g., insurance receipts)	• IRS: Expenses and Tax-related Events page 3 • P+P: N/A	• 1040: Sch 1 line 15 and line 17 • M1: N/A • M1PR: N/A	Advanced

Overview: Self-employed taxpayers served at VITA sites may be eligible for two adjustments to income. The self-employment tax deduction is calculated automatically in TaxSlayer based on entries made on Schedule C.

The deduction for health insurance premiums is available to taxpayers who do not have access to an employer health coverage plan and purchased their own plan. Insurance expenses can be deducted for the taxpayer, spouse, dependent, and children under age 27. The maximum deduction is the lesser of health insurance costs or the profit shown on Schedule C. If the taxpayer purchased a MNsure plan and qualifies for the Premium Tax Credit, special calculations are required, and the return is out of scope.

Self-employed Health Insurance Deduction

Federal Section » Deductions » Adjustments » Self-Employed Health Insurance
Search keyword: "Self"

ALIMONY PAID BY THE TAXPAYER

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records (e.g., divorce decree)	• IRS: Expenses page 3 • P+P: N/A	• 1040: line 10 and Sch 1 line 19a • M1: N/A • M1PR: N/A	Basic

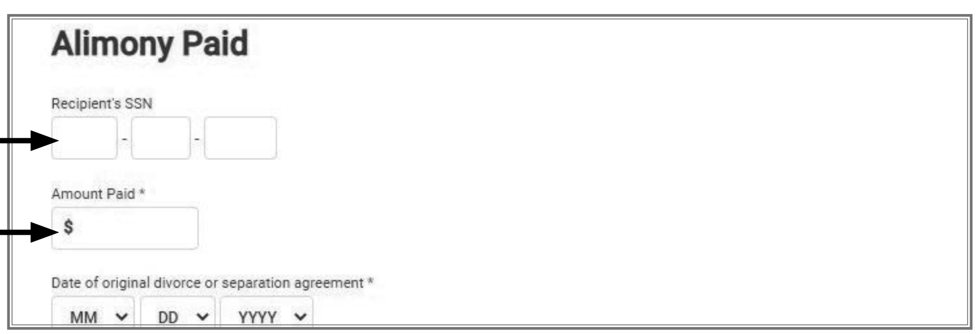
Overview: Alimony is a payment to or for a spouse or former spouse under a divorce or separation instrument. Most divorced or separated taxpayers do not pay alimony. When alimony payments are made, some taxpayers are eligibile to deduct them from income. Taxpayers eligible to deduct alimony paid need the recipient's name and Social Security number to e-file the return. Alimony received from divorce decrees made after 2018 are not included as income by the receiver. These payments cannot be deducted. This also applies to decrees modified after 2018 to match the new rules.

Alimony Paid for Deductions

Federal Section » Deductions » Adjustments » Alimony Paid
Search keyword: "Alimony"

Enter the recipient's TIN. This is required to e-file the return.

Enter the total amount of alimony paid for the year.



IRA DEDUCTION

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 5498 • Taxpayer records (e.g., account statement)	• IRS: Expenses page 3 • P+P: N/A	• 1040: line 10 Sch 1 line 20 • M1: N/A • M1PR: N/A	Advanced

Overview: Taxpayers can deduct contributions to traditional IRAs. Contributions qualify as long as they are made before the filing deadline. Form 5498 reports contributions, but the form is not issued to taxpayers until late May and is not required for preparation. Taxpayers often receive a year-end statement showing contributions made in the previous calendar year.

Contributions made to a traditional IRA are deductible. Roth IRA contributions cannot be deducted. The taxpayer can make contributions in 2025 prior to the filing deadline (April 15, 2025) and choose to count them as contributions for 2024 or 2025. The deduction can be entered even if the contribution has not been made when the taxes are prepared.

Taxpayers have a limit on the amount that can be contributed to an IRA. The limit includes both traditional and Roth IRA contributions. The contribution limit is is the lesser of:

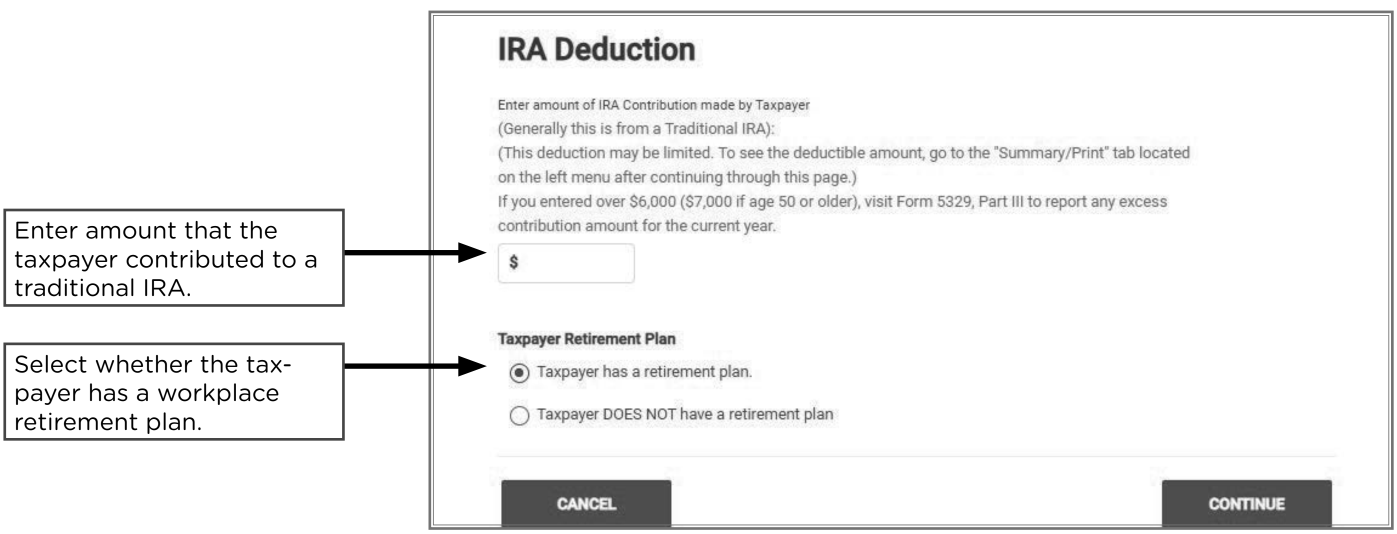
- $7,000 ($8,000 if age 50+)
- **<u>OR</u>** The taxpayer's taxable compensation

See Pub 4491, page 17-9, for information on excess contributions if the taxpayer contributed more than the limit. Returns with excess contributions may be out of scope.

Contributions to a traditional or Roth IRA may qualify the taxpayer for the Saver's Credit (see page 109) and for a subtraction on Form M1PR (see page 174).

Traditional IRA Deduction

Federal Section » Deductions » Adjustments » Traditional IRA Contributions
Search keyword: "5498" (First Result)



Traditional IRA contributions entered for the IRA deduction will transfer to Form 8880 for the Retirement Savings Contribution Credit.

STUDENT LOAN INTEREST DEDUCTION

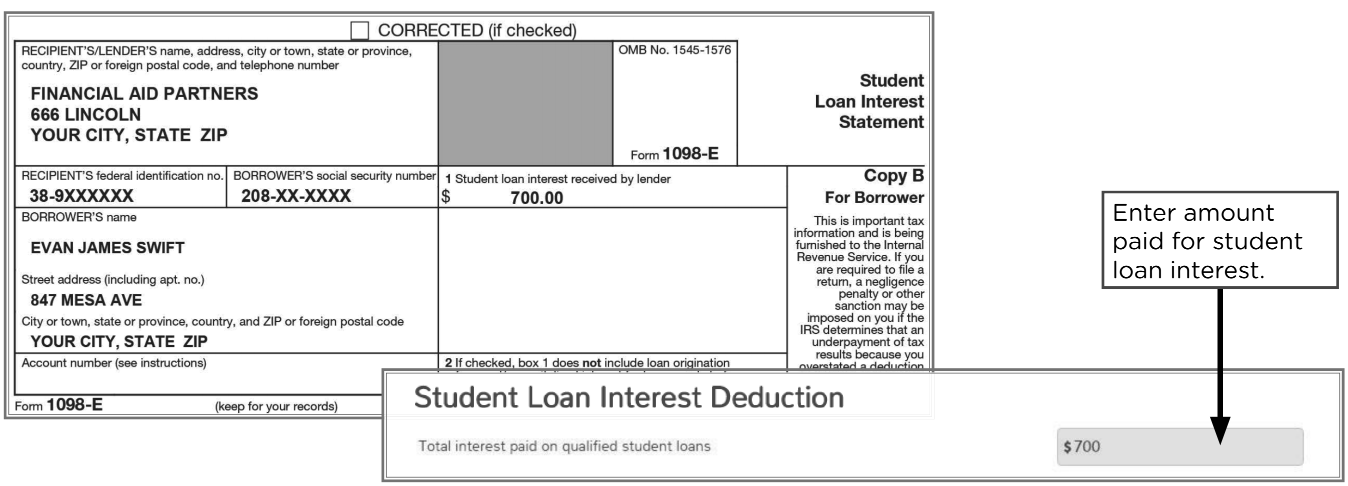
Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1098-E • Taxpayer records (e.g., account statement)	• IRS: Expenses page 3 • P+P: Minnesota Tax Information	• 1040: line 10 and Sch 1 line 21 • M1: N/A • M1PR: N/A	Basic

Overview: Taxpayers paying student loans may deduct up to $2,500 of interest paid. The taxpayer must be legally obligated to repay the loan, and the loan must have been taken out to pay education expenses for the taxpayer, their spouse, or someone they claimed as a dependent when the loan was taken out. The taxpayer does not need to be the one who made the payments (e.g., a student may make payments that the student's parent can deduct). Taxpayers who are claimed as dependents or filing MFS cannot claim the deduction.

Important: Minnesota has a credit based on payments taxpayers make toward loans for their own education. It requires additional data entry, see page 148.

Student Loan Interest Deduction

Federal Section » Deductions » Adjustments » Student Loan Interest
Search keyword: "Student"



Minnesota has a nonrefundable credit for student loan payments. See page 148.

FEDERAL TAXABLE INCOME

ADJUSTED GROSS INCOME (AGI)

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1040 lines 1-10 and Sch 1	• IRS: N/A • P+P: N/A	• 1040: line 11 • M1: line 1 • M1PR: line 1	Basic

Overview: Adjusted gross income (AGI) is the taxpayer's total income minus the adjustments allowed on Schedule 1. TaxSlayer calculates this automatically.

AGI is an important value on the tax return. It is used for many federal and Minnesota credit calculations and income thresholds. AGI is also used for situations outside the return, such as: FAFSA, loan applications, and public benefit determinations.

STANDARD DEDUCTION

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records	• IRS: Intake page 1 • P+P: N/A	• 1040: line 12 • M1: line 4 • M1PR: N/A	Basic

Overview: The standard deduction is a set amount subtracted from the taxpayer's AGI to figure taxable income. Most taxpayers have a choice between using the standard deduction or itemizing deductions, and may take the larger of the two options to reduce their taxable income as much as possible. The standard deduction is primarily based on filing status.

Most taxpayers filing at P+P take the standard deduction instead of itemizing (see page 99).

The standard deduction increases for taxpayers who are blind or 65 and older. The increase is $1,950 for Single or Head of Household filers, and $1,550 per spouse for married filers or those using the Qualified Surviving Spouse filing status.

$29,200	Married Filing Jointly and Qualifying Surviving Spouse
$21,900	Head of Household
$14,600	Single and Married Filing Separately

In tax year 2024, Minnesota's standard deductions are different from the federal amounts.

- **MFJ and QSS:** $29,150 (plus $1,550 for taxpayers who are blind or 65+)
- **HOH:** $21,900 (plus $1,950 for taxpayers who are blind or 65+)
- **Single:** $14,575 (plus $1,950 for taxpayers who are blind or 65+)
- **MFS:** $14,575 (plus $1,550 for taxpayers who are blind or 65+)

Standard deduction for dependents

The standard deduction for dependents may be reduced. TaxSlayer computes the correct standard deduction when the dependency box is checked in the Personal Information section (see page 50). See Pub 4012, Tab F, page F-4, for the *Standard Deduction Worksheet for Dependents.*

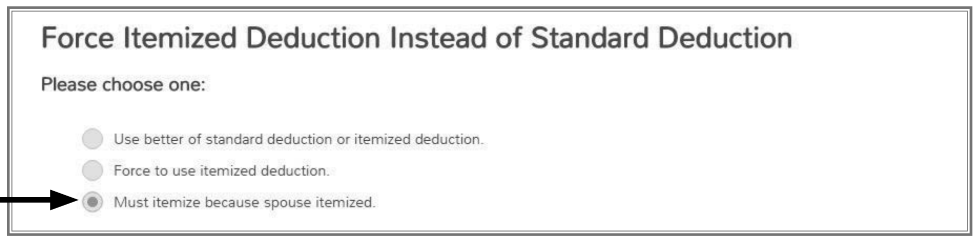
Standard deduction for MFS filers

The MFS filing status requires both spouses to select the same type of deduction: itemized or standard. If one spouse itemizes deductions, the other **must** itemize deductions (i.e., they are not allowed to take the standard deduction); this can result in a $0 itemized deduction.

Force Itemized Deduction

Federal Section » Deductions » Itemized Deductions » Choose to Itemize or Take the Standard Deduction **Search keyword:** "Force"

If MFS, check box if the taxpayer's spouse itemizes deductions.



ITEMIZED DEDUCTIONS

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records	• IRS: Expenses page 2 • P+P: N/A	• 1040: line 12, Sch A • M1: line 4, Sch M1SA • M1PR: N/A	Advanced

Overview: Itemizing deductions requires the taxpayer to track and report actual qualifying expenses on Schedule A instead of using the standard deduction. Taxpayers should only itemize if it provides a greater benefit than the standard deduction.

Taxpayers may benefit from itemizing if they have large expenses in these categories: medical bills, state taxes, charitable contributions, and mortgage interest. A taxpayer with gambling winnings and corresponding losses higher than the standard deduction may also benefit.

Minnesota allows taxpayers to itemize even if they take the standard deduction on the federal return. Minnesota taxpayers may deduct unreimbursed employee business expenses in addition to expenses that are deductible on the federal return.

Itemized deductions for non-cash donations over $500, vehicle donations, donations of capital gains property, and casualty and theft losses are out of scope. If a taxpayer would benefit from any of those deductions, refer to a paid preparer.

The following pages identify typical expenses taxpayers may have that are allowable itemized deductions. For interview tips to determine whether a taxpayer should itemize, see Pub 4012, Tab F, pages F-5 and F-6.

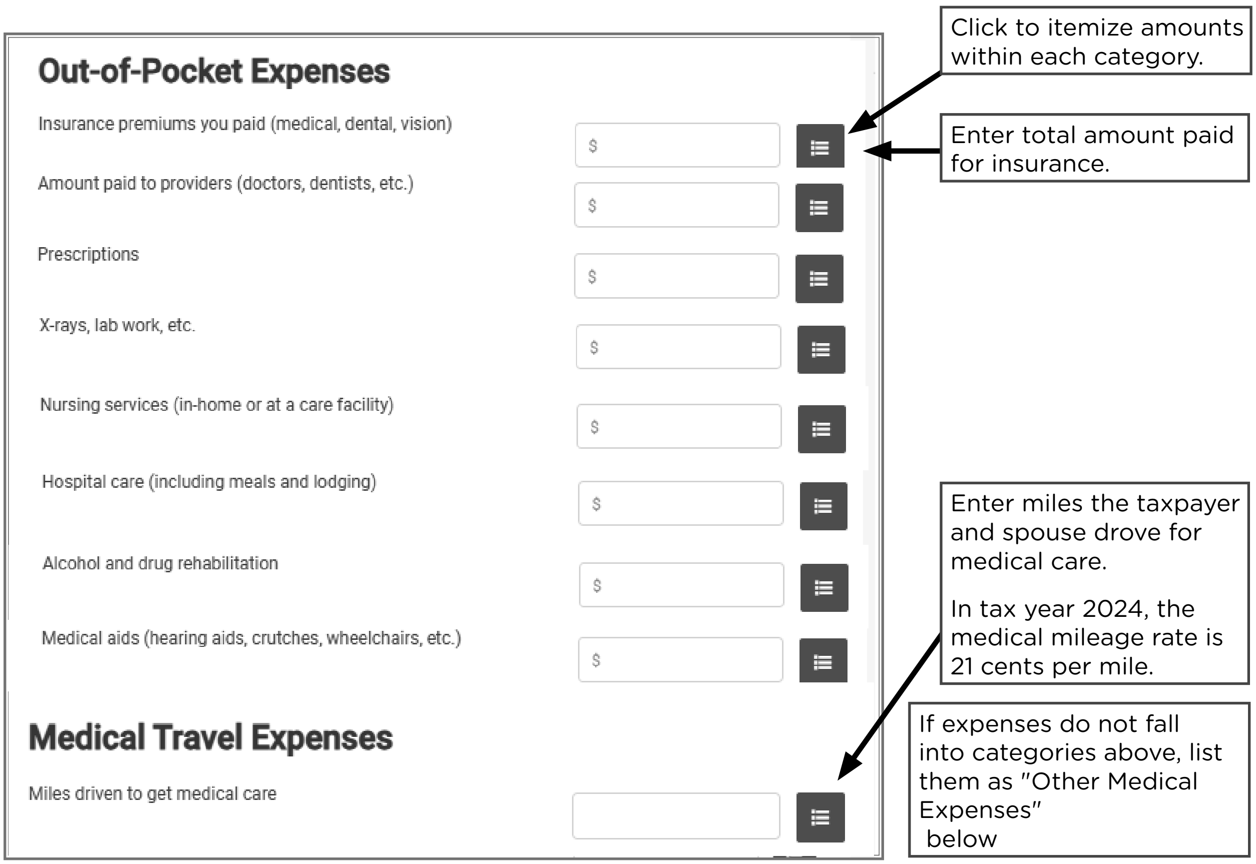
Medical and dental expenses

Taxpayers may deduct amounts paid for their *unreimbursed* medical and dental expenses that exceed 7.5% of the taxpayer's AGI. Do not include payments made through an HSA or FSA. Include payments made for the taxpayer, spouse, or dependents. If the taxpayer has expenses for another person, review the information on Pub 4012, Tab F, page F-5.

Enter total unreimbursed medical expenses. TaxSlayer will calculate the deductible portion above 7.5% of AGI. For a list of qualifying expenses, see Pub 4012, Tab F, page F-8.

Medical and Dental Expenses for Schedule A

Federal Section » Deductions » Itemized Deductions » Medical, Dental, and Vision Expenses » **Search keyword**: "Med"



Taxes paid

The deduction for state and local income tax, sales tax, and property taxes is limited to a combined total of $10,000. The sections below provide more detail about which types of taxes are deductible. For notes on TaxSlayer entry of deductible taxes paid, see page 101.

State & local taxes or Sales taxes

A taxpayer can deduct state and local income taxes or sales tax, but not both.

- **State and local income taxes include:** taxes withheld from W-2s, 1099s, estimated payments, or other tax payments for an earlier year *paid during the current tax year*.
- **General sales tax includes:** actual sales tax paid on major purchases and a set amount based on income, Minnesota's sales tax rate (6.875%), and a local sales tax rate.
  - » Go to www.irs.gov and search for Sales Tax Deduction Calculator. The IRS calculator will calculate the sales tax deduction to enter in TaxSlayer.

Real estate taxes

Real estate taxes may be reported on Form 1098, box 5, *Mortgage Interest Statement*, or shown on the county property tax statement. If using the county property tax statement or other types of statements, do not include itemized charges for services, transfer taxes, homeowners' association fees or most special assessments. Special rules may apply if a taxpayer bought or sold a home during the tax year (see Pub 523, section on Reporting Deductions Related to Your Home Sale).

Real estate tax amounts entered on Schedule A **must** be reduced by any property tax refund received during the tax year.

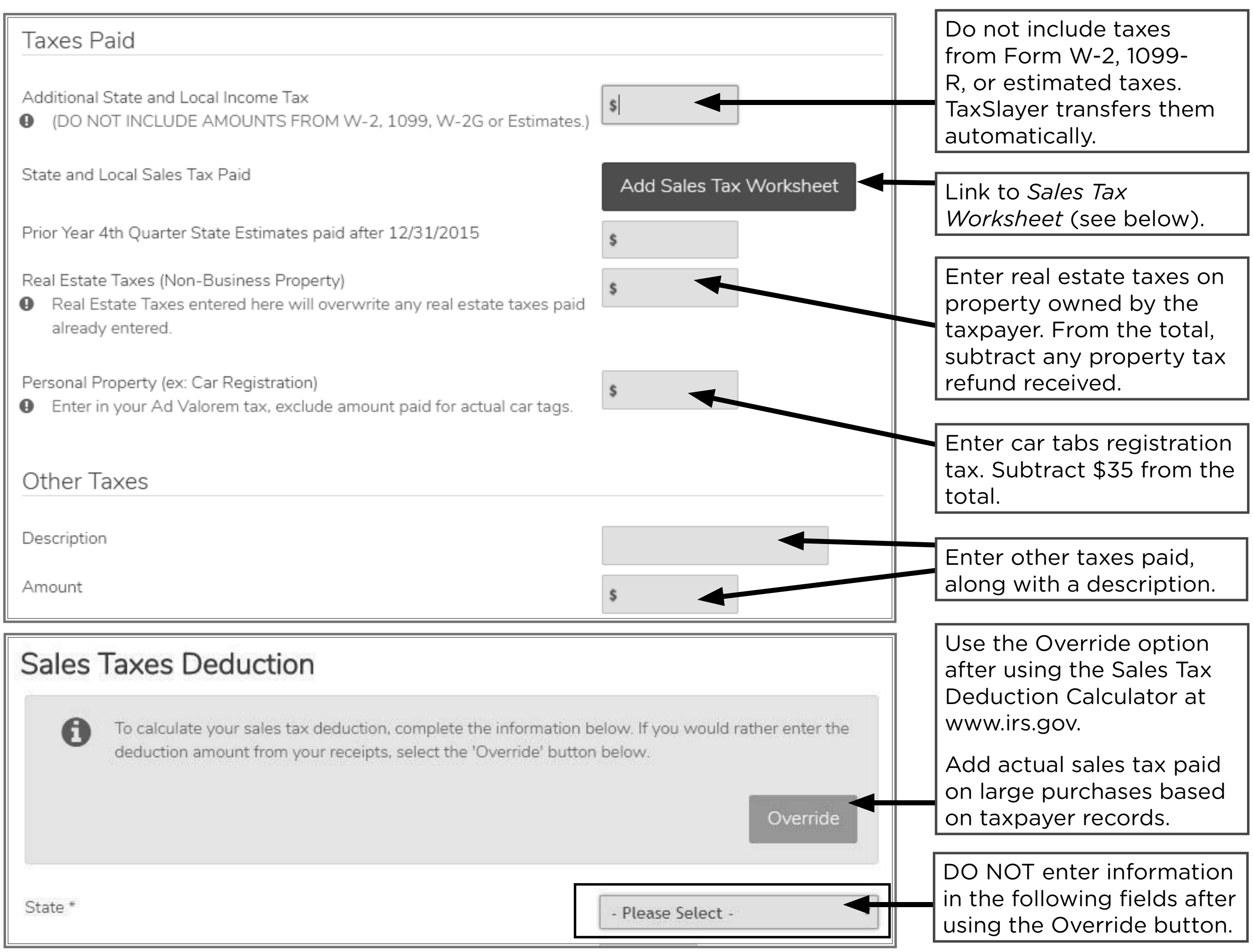
> If a taxpayer is claiming the deduction for business use of the home, deductions are prorated to reflect the percentage of personal use. If a taxpayer qualifies for deduction for business use of the home, refer them to 651-262-2169 to schedule an appointment with the P+P self-employment tax clinic.

Personal property taxes

Personal property taxes, such as the annual registration tax paid for car tabs, are deductible. In Minnesota, deduct $35 from the total registration tax. Plate fees, wheelage tax, or filing fees also need to be subtracted from the total amount billed for vehicle registration. Car tax information can be found online at **onlineservices.dps.mn.gov/EServices/_/** (click "More Vehicle Services" and then click "Search for Registration Tax Paid").

Deductible taxes for Schedule A

Federal Section » Deductions » Itemized Deductions » Taxes You Paid

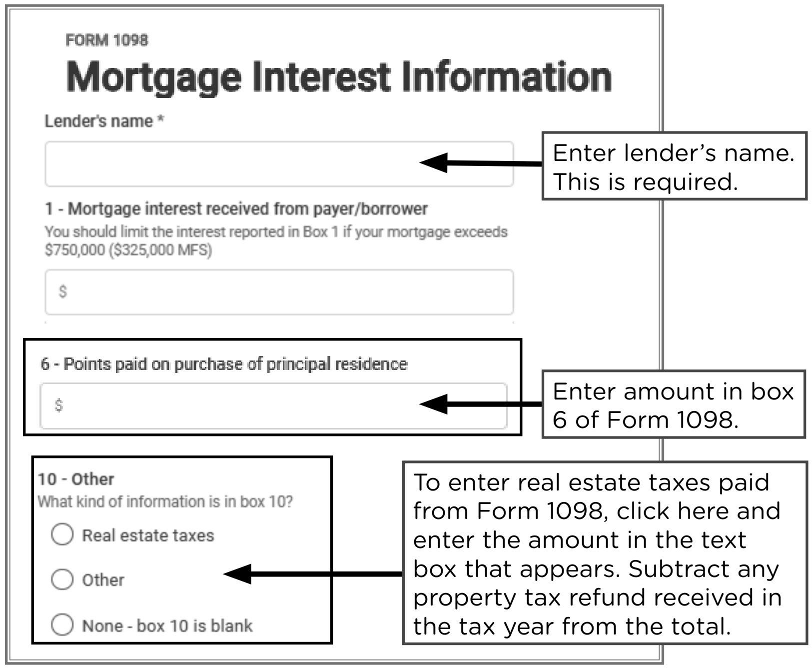


Mortgage interest, points, and insurance premiums

Form 1098 shows amounts the taxpayer paid for mortgage interest (box 1) and points (box 6). Most often these amounts will be fully deductible. However, some situations, like an unsecured mortgage debt or a large mortgage debt, can limit deductibility. It would be rare to see these situations at a VITA site. Review the itemized deduction interview questions in Pub 4012, Tab F, pages F-5 and F-6. Mortgage insurance premiums are not deductible.

Mortgage interest and points for Schedule A

Federal Section » Deductions » Itemized Deductions » Mortgage Interest and Expenses » Mortgage Interest Reported on 1098 **Search keyword:** "1098"



Gifts to charity

Non-deductible gifts to charity

Gifts to charities that are **not deductible** include: the cost of raffle, bingo or lottery tickets; value of time/service; direct contributions to an individual; or the part of a contribution that benefits the taxpayer, such as the value of a meal at a charity dinner. For a longer list of nondeductible donations, see Pub 4012, Tab F, page F-16.

Cash donations to charity

A taxpayer can deduct donations made to charitable organizations by cash, check, or credit card. The taxpayer must keep records to prove the contribution amount (e.g., written receipt from the organization, credit card statement, or bank statement), but records are not required at the tax site.

Non-cash donations to charity

The taxpayer can deduct mileage costs at 14 cents per mile when using their vehicle for charitable work.

Items donated to charities must be in good condition or better. Only the fair market value of an item is deductible. Generally, this amount is lower than the amount the taxpayer originally paid for the item. Goodwill has an online valuation guide.

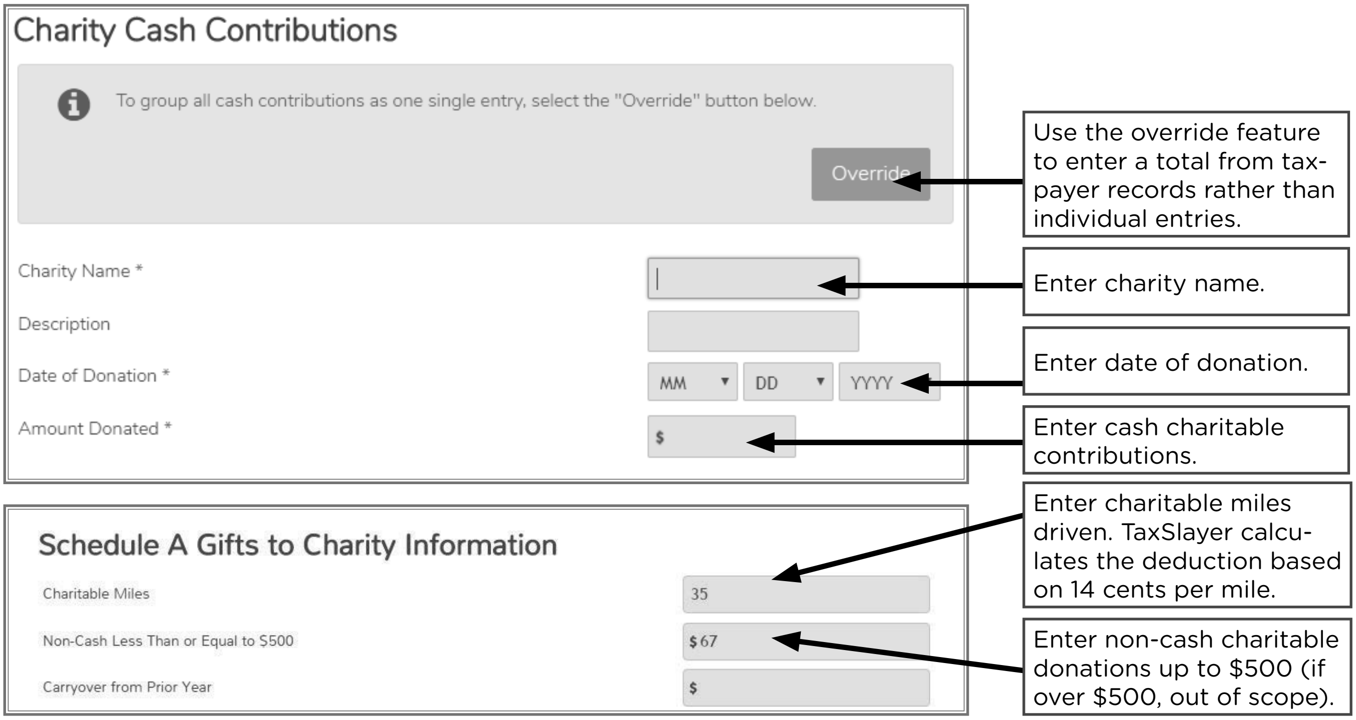
Non-cash contributions over $500 or vehicle donations require Form 8283, *Noncash Charitable Contributions,* and are out of scope if the taxpayer chooses to include the deduction on their return.

MN

Minnesota allows a subtraction from income for charitable donations over $500 even if the taxpayer will not itemize deductions (see page 139). This deduction is based on the combined total of cash and non-cash donations.

Cash and non-cash donations for Schedule A

Federal Section » Deductions » Itemized Deductions » Gifts to Charity » Cash Gifts to Charity
Search keyword: "charity"



Miscellaneous deductions

- Gambling losses to the extent of gambling winnings that were reported as taxable income. Taxpayers must have kept a record of their losses (see page 89).
- Impairment-related work expenses of a taxpayer with a disability.

Additional miscellaneous deductions may be reinstated after tax year 2025.

MN

Minnesota allows taxpayers to itemize unreimbursed employee business expenses, like: union dues, employment-related education expenses, protective work clothing or uniforms. This deduction is limited to the expenses that exceed 2% of the taxpayer's AGI. Enter expenses in the Federal Section of TaxSlayer, and they will be transferred to the Minnesota return.

QUALIFIED BUSINESS INCOME DEDUCTION (QBID)

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Sch C • Form 1099-Misc • Form 1099-K • Taxpayer records (e.g., bank statement, canceled checks, and invoices)	• IRS: Income page 2 • P+P: N/A	• 1040: line 13, Form 8995 • M1: N/A • M1PR: N/A	Advanced

Overview: Self-employed taxpayers may be able to deduct up to 20% of their profits from taxable income. TaxSlayer will calculate the deduction automatically based on entries on the Schedule C. The QBID does not affect self-employment tax or any calculations on Schedule C. Special rules for the QBID may apply for taxpayers with incomes above VITA guidelines.

FEDERAL NONREFUNDABLE CREDITS

CHILD TAX CREDIT

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Intake sheet	• IRS: Intake page 1 • P+P: N/A	• 1040: lines 19 and Sch 8812 • M1: N/A • M1PR: N/A	Basic

Overview: Taxpayers with children under age 17 may qualify for a nonrefundable credit of up to $2,000 per qualifying child. TaxSlayer calculates the credit automatically based on entries in the Dependent section. Noncustodial parents and taxpayers filing MFS may qualify.

The taxpayer may claim the refundable Additional Child Tax Credit (see page 118) based on the unused portion of the nonrefundable Child Tax Credit. Dependents who do not qualify for the Child Tax Credit may qualify for the Credit for Other Dependents (see page 105).

Qualifying Child for the Child Tax Credit

A child must meet **ALL** of the qualifications listed below to make a taxpayer eligible for the Child Tax Credit.

1. Is under age 17 at the end of the tax year (i.e., 16 years or under)
2. Was a U.S. citizen, U.S. national, or resident alien of the United States[1]
3. Is claimed as a dependent on the return[2]
4. Is the taxpayer's son, daughter, adopted child, stepchild, eligible foster child, brother, sister, half-brother, half-sister, stepbrother, stepsister, or a descendant of any of these relatives including a grandchild, niece or nephew
5. Did not provide over half of their own support for the year
6. Lived with the taxpayer for more than half of the year (except for temporary absences)
7. Must have a valid Social Security number by the filing deadline.[3]

[1] See rules for residency on page 38.

[2] See dependency rules on page 132 and special rule for divorced or separated parents on page 53.

[3] A qualifying child must have an SSN , but the taxpayer(s) claiming the child will qualify if filing with an ITIN.

NEW ADVANCE PAYMENTS FOR MN STATE CHILD TAX CREDIT

Starting in tax year 2024, Minnesota families who qualify can opt in to receive some of their state child tax credit early, in three separate payments. See more on page 153.

CREDIT FOR OTHER DEPENDENTS

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Intake sheet	• IRS: Intake page 1 • P+P: N/A	• 1040: line 19, Sch 8812 • M1: N/A • M1PR: N/A	Basic
Overview: Taxpayers who claim dependents may be eligible for a $500 nonrefundable credit. Only dependents who do not qualify for the Child Tax Credit qualify. Generally, this includes qualifying children over age 16 and qualifying relatives residing in the U.S. (including dependents with ITINs). TaxSlayer calculates the credit automatically.			

Qualifying dependent for the Credit for Other Dependents

- Does <u>NOT</u> qualify for the Child Tax Credit (see page 104)
- Has a Social Security number or ITIN before the filing deadline
- Was a U.S. citizen, U.S. national, or resident alien of the U.S.

FOREIGN TAX CREDIT

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-INT • Form 1099-DIV • 1099 Composite • Sch K-1	• IRS: Income page 2 • P+P: N/A	• 1040: line 20, Sch 3, line 1, and Form 1116 • M1: N/A • M1PR: N/A	Advanced
Overview: Taxpayers with investment accounts or mutual funds may have forms showing foreign taxes paid and may be eligible for a nonrefundable credit based on the amount paid. TaxSlayer will calculate this credit automatically for small amounts of foreign tax paid (up to $300 or $600 if filing MFJ). If foreign taxes are reported on Form K-1 and the credit is not calculated automatically, see Pub 4012, Tab G, pages G-8 to G-11, for TaxSlayer entry information. Form 1116 is out of scope. It is required if large amounts of foreign tax are paid.			

CREDIT FOR CHILD AND DEPENDENT CARE

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form W-2 box 10 • Taxpayer records (e.g. day care invoice or babysitter receipt)	• IRS: Expenses page 3 • P+P: N/A	• 1040: line 20, Sch 3 line 2, and Form 2441 • M1: line 22, Form M1REF line 1, and Form M1CD • M1PR: N/A	Basic

Overview: The TaxSlayer data entry for this credit is detailed. Use the instructions on the following pages to complete entries.

This nonrefundable credit is for taxpayers paying for care of a qualifying person. Taxpayers must have paid for the care to work or look for work. Taxpayers can use up to $3,000 of expenses to claim a credit for one qualifying person and $6,000 of expenses for two or more qualifying people. Details for the Minnesota refundable credit are on page 150.

To qualify, the taxpayer (and spouse, if applicable) must have earned income. MFJ filers may qualify if one spouse was a full-time student or incapable of self-care (see page 109). MFS filers may claim the credit only if they did not live with their spouse during the last 6 months of the year.

Qualifying Person Test

The person must live with the taxpayer for more than half the year and meet one of the Qualifying Person tests below.

1. A child who was under the age of 13 when the expense was incurred and for whom a dependency exemption can be claimed.[1] (If the child turned 13 during the tax year, use only the expenses incurred before age 13.)
2. Any person who was physically or mentally incapable of self-care whom the taxpayer can claim as a dependent (or a person who could have been claimed except that the person had gross income of more than $4,700).
3. A spouse who was physically or mentally incapable of self-care.[2]

[1] *The special rule for divorced and separated parents (page 53) allows only the custodial parent to claim this credit.*

[2] *Definition of incapable of self-care: persons who can't dress, clean, or feed themselves. Also includes persons who must have constant attention to prevent them from injuring themselves or others.*

The federal child and dependent care credit is nonrefundable, and the Minnesota credit is refundable. Enter expenses in the federal credits menu of TaxSlayer even if the taxpayer cannot claim the federal credit. Expenses will transfer to Schedule M1CD (see page 150).

Taxpayers who received employer-sponsored dependent care benefits must file Form 2441 to report the dependent care benefits used (or forfeited) in the tax year. Failure to correctly report these amounts (which are found on Form W-2 in Box 10) may cause the taxpayer to pay an additional tax on the benefits received. See pages 107 and 108 for TaxSlayer data entry instructions.

Qualifying Work-related Expenses

Expenses must be paid to allow the taxpayer to work or look for work. The total expenses used to calculate the credit may not be more than $3,000 (for one Qualifying Person) or $6,000 (for two or more Qualifying Persons). The expenses do not need to be split equally between the Qualifying Persons (i.e., one may have $0 expenses and the second may have $6,000). Examples of expenses that can qualify:

- Nursery school, preschool, or similar pre-kindergarten programs
- Services for the Qualifying Person's well-being and protection
- Adult or child day care programs (including before- or after-school care)
- A day camp, even if the camp specializes in a particular activity, such as computers or soccer (overnight camps do not qualify)

See helpful interview questions for the taxpayer in Pub 4012, Tab G, page G-13, *Screening Sheet Child & Dependent Care Expenses.*

Provider Information

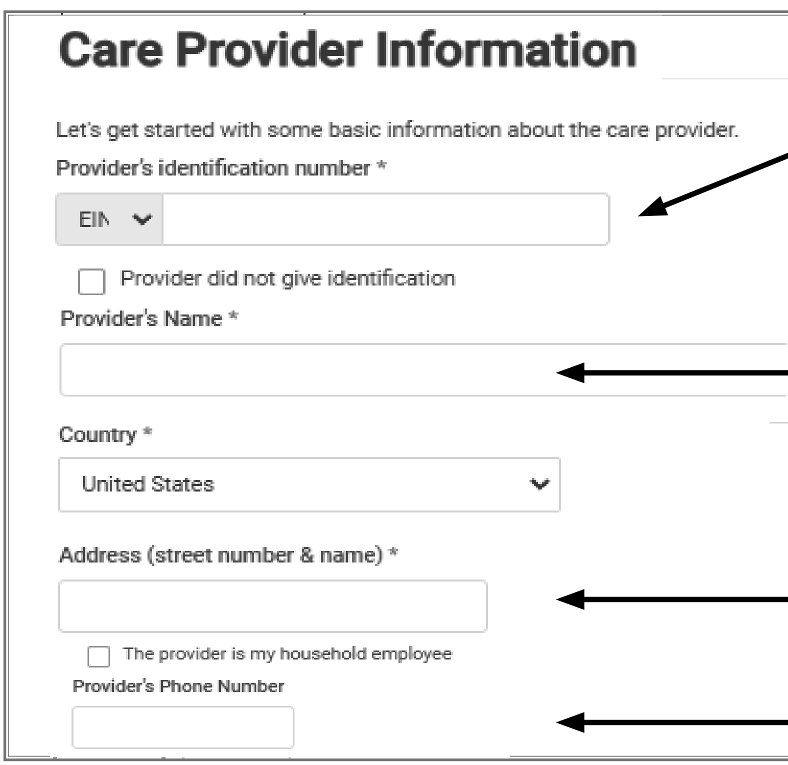
Payments to a person the taxpayer can claim as a dependent do not qualify for the credit. If payments are made to the taxpayer's child, that child cannot be a dependent and must be age 19 or older before the end of the tax year.

Child care providers generally provide a statement showing total costs paid for each child and a tax identification number (TIN) (i.e., EIN, SSN, or ITIN). If the provider refuses to give a TIN the taxpayer can still claim the credit. The return cannot be e-filed without the provider's TIN, but a paper return can be prepared and mailed.

The taxpayer may use Form W-10 or any of the other sources listed under Due diligence in the W-10 Instructions to get the required information from each provider.

Child care provider information

Federal Section » Deductions » Credits Menu » Child Care Credit » Add a Provider
Search keyword: "2441"



Use the dropdown menu to indicate:

- If an individual is providing the child care, select and enter **SSN or ITIN**
- If a daycare center is caring for the individual, select and enter the **EIN**

If no ID number is available and the provider refused to provide it, the return must be paper-filed. Enter 111-00-111.

Enter day care provider's name.

Enter day care provider's address.

Leave blank. Provider's phone number is **not** required for either the federal or Minnesota tax return.

Federal Section » Deductions » Credits Menu » Child Care Credit
Search keyword: "2441"

Recipient(s) of Care from Example Childcare

BACK

CONTINUE

How much did you pay for the care provided to each individual?

Dependents

Select all dependents who received care from Example Childcare and enter how much you paid for each individual.

☑ Cindy Lou

Amount Paid

$9500

☑ John Lou

Amount Paid

$0.00

Don't see who you're looking for? Add a dependent here

Qualified Individuals (Not Listed on Form 1040)

Select all qualifying individuals who received care from Example Childcare and enter how much you paid for each individual.

Don't see who you're looking for? Add/edit qualifying individuals

Check the boxes for each dependent that is a qualifying person and enter the total amount of qualified

As shown in this example, it is possible for one qualifying person to have no expenses (maybe they attend elementary school). and a second qualifying person could have expenses exceeding $3,000. You should enter $0 for one person and the actual amount for the second person.

Child Care Questions

Dependent Care Benefits

Did you receive any dependent care benefits from your employer that are not reported on your W-2? *

◯ Yes

◯ No

Disabled or Full-Time Student Exception

Were you or your spouse unable to work due to being disabled or enrolled as a full-time student? *

◯ Yes

◯ No

Delayed Care Payments

Did you pay any care expenses for 2023 in 2024? *

◯ Yes

◯ No

Check yes and enter only if you received Dependent Care Benefits not reported on Form W-2.

If the taxpayer/spouse is a full-time student or disabled, click yes and follow the instructions to enter additional income for figuring the credit.

CREDIT FOR THE ELDERLY OR DISABLED

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-R • Form SSA-1099 • Taxpayer records	• IRS: Intake page 1 • P+P: N/A	• 1040: line 20, Sch 3 line 6d, and Sch R • M1: N/A • M1PR: N/A	Basic

Overview: Elderly or disabled taxpayers using the single filing status may qualify for a nonrefundable credit if their AGI is below $17,500 and their nontaxable income is less than $5,000. Current standard deduction levels in combination with the credit's thresholds make it impossible for filers using other filing statuses to qualify. See Pub 4012, Tab G, pages G-22 through G-25. Minnesota has a similar subtraction with broader income guidelines (see page 141).

Elderly and Disabled Credit for Schedule R

Federal Section » Deductions » Credits Menu » Credit for the Elderly or Disabled
Search keyword: "Elderly"

CREDIT FOR QUALIFIED RETIREMENT SAVINGS CONTRIBUTIONS

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form W-2 box 12 various codes • Form 5498 • Taxpayer records	• IRS: Expenses page 3 • P+P: N/A	• 1040: line 20, Sch 3 line 4, and Form 8880 • M1: N/A • M1PR: N/A	Basic

Overview: Taxpayers making contributions to a retirement plan may qualify for a nonrefundable credit of up to $1,000 ($2,000 if filing MFJ). The credit can be up to 50% of voluntary contributions. To be eligible, the taxpayer cannot be a full-time student or claimed as a dependent. TaxSlayer automatically transfers eligible contributions from Form W-2; however, preparers must identify and enter other qualifying contributions in the Credit section.

The taxpayer's AGI must be under $76,500 for MFJ, under $57,375 for HOH, and under $38,250 for any other filing status. Eligibility for the credit may be impacted by distributions taken from retirement accounts during the tax year before the filing deadline (April 15, 2025), and in the two previous tax years.

Qualified contributions

- Contributions to a traditional or Roth IRA (other than a rollover)
- Elective deferrals to a 401(k), 403(b), or SIMPLE plan
- Contributions to a 501(c)(18)(D) plan
- Beneficiary contributions to ABLE accounts

Contributions to employer-sponsored retirement plans are shown on Form W-2, box 12, codes D, E, F, G, H, S, AA or BB. Entries in box 14 may indicate qualifying contributions. If box 14 shows employer contributions or mandatory contributions, these amounts are not eligible for the credit.

Contributions to an IRA made by April 15, 2025 can be characterized as 2024 contributions and used for the credit (or IRA deduction, see page 96). Taxpayers should work with their IRA provider to designate the contribution to the correct year. If a taxpayer intends to make the contribution but has not done so yet, the tax return can be filed including the contribution. An amendment will be necessary if the contribution is not made.

Retirement Savings Credit for Form 8880

Federal Section » Deductions » Credits Menu » Credit for Qualified Retirement Savings Contributions **Search keyword**: "8880" or "Savings"

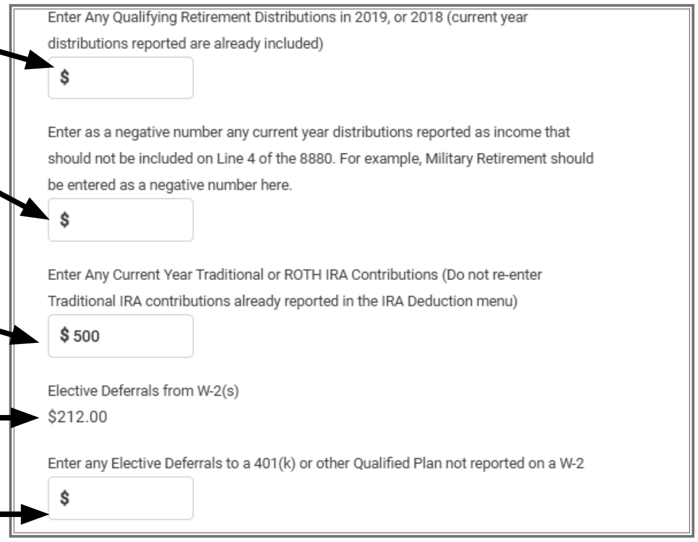
Enter retirement distributions received in years 2022 or 2023.

Do not use this entry. If unsure if this situation applies to the taxpayer, see Pub 4012, Tab G, page G-18 for alternate option.

Enter total Roth contributions not made through an employer-sponsored plan.

Retirement contributions entered in box 12 of Form W-2 transfer here automatically.

Enter other elective contributions not reported on Form W-2.


Enter Any Qualifying Retirement Distributions in 2019, or 2018 (current year distributions reported are already included)

$

Enter as a negative number any current year distributions reported as income that should not be included on Line 4 of the 8880. For example, Military Retirement should be entered as a negative number here.

$

Enter Any Current Year Traditional or ROTH IRA Contributions (Do not re-enter Traditional IRA contributions already reported in the IRA Deduction menu)

$ 500

Elective Deferrals from W-2(s)

$212.00

Enter any Elective Deferrals to a 401(k) or other Qualified Plan not reported on a W-2

$

RESIDENTIAL ENERGY CREDITS

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records (e.g. purchase receipts, manufacturer statements)	• IRS: Expenses and Tax-related Events page 3 • P+P: N/A	• 1040: line 20, Sch 3 line 5, and Form 5695 • M1: N/A • M1PR: N/A	Advanced

Overview: The Energy Efficient Home Improvement Credit is available to taxpayers who make qualifying energy saving improvements to their main home during the tax year. Improvements must meet specific standards, and taxpayers must have documentation. The maximum for this nonrefundable credit is the lower of $3,200 or 30% of qualifying expenses.

The Residential Clean Energy Credit covers residential alternative energy equipment such as solar panels, geothermal heat pumps, and wind turbines. This portion of Form 5695 is out of scope.

Residential Energy Credit for Form 5695

Federal Section » Deductions » Credits Menu » Residential Energy Credit » Qualified Energy Efficiency Improvements **Search keyword:** "5695" or "Energy"

Qualifying improvements include:

- Building envelope components such as exterior doors, exterior windows, skylights, insulation materials or systems, and air sealing materials or systems
- Home energy audits
- Residential energy property such as air conditioners, water heaters, furnaces, or boilers
- Certain electrical improvements or replacements that are installed along with the items listed above and enable their installation and use
- Heat pumps, biomass stoves, or biomass boilers

The energy efficiency standards required for improvements vary. See IRS.gov for details. Taxpayers should have certification from the manufacturer, but this is not required during tax preparation as long as the taxpayer knows that the products qualify.

For more information about this credit, see Pub 4012, Tab G, pages G-20 and G-21.

OTHER TAXES

SELF-EMPLOYMENT TAX

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• N/A	• IRS: Income page 2 • P+P: N/A	• 1040: line 23, Sch SE, Sch 2 line 4 • M1 & M1PR: N/A	Advanced

Overview: Self-employed taxpayers with net income above $400 will pay self-employment tax. This tax covers the Social Security and Medicare tax that employers and employees pay through withholding. The tax is calculated on Sch SE after completing Sch C. Taxpayers paying self-employment tax will qualify for a deduction for part of the tax paid (see page 95). TaxSlayer will calculate the tax and the deduction automatically. Nonrefundable credits cannot be used to offset self-employment tax. Minnesota does not have a self-employment tax.

Self-employment tax positively impacts taxpayers in the future. Self-employment tax is considered a contribution to Social Security and Medicare, and affects the calculation of benefits in the future.

ADDITIONAL TAX ON IRAS OR OTHER QUALIFIED RETIREMENT PLANS

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-R • Form RRB 1099-R • Form CSA 1099-R • Form CSF 1099-R	• IRS: Income page 2 • P+P: N/A	• 1040: line 23, Form 5329, and Sch 2 line 8	Basic

Overview: If a taxpayer received an early distribution from an IRA, annuity or other qualified retirement plan, they may owe this tax. TaxSlayer calculates the tax depending on information entered from Form 1099-R. See page 68 for distributions that qualify for exception from this tax. Taxpayers may also owe this tax for excess contributions or for failing to make a Required Minimum Distribution (see page 67).

FIRST-TIME HOMEBUYER CREDIT REPAYMENT

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records of repayment or prior-year tax return	• IRS: N/A • P+P: N/A	• 1040: Sch 2 line 10 and Form 5405 • M1: N/A • M1PR: N/A	Advanced

Overview: Taxpayers who received the First-Time Homebuyer Credit in 2008 must repay the credit over a 15-year period in equal installments beginning in tax year 2010. Preparers must add Form 5405 in TaxSlayer to enter credit repayments.

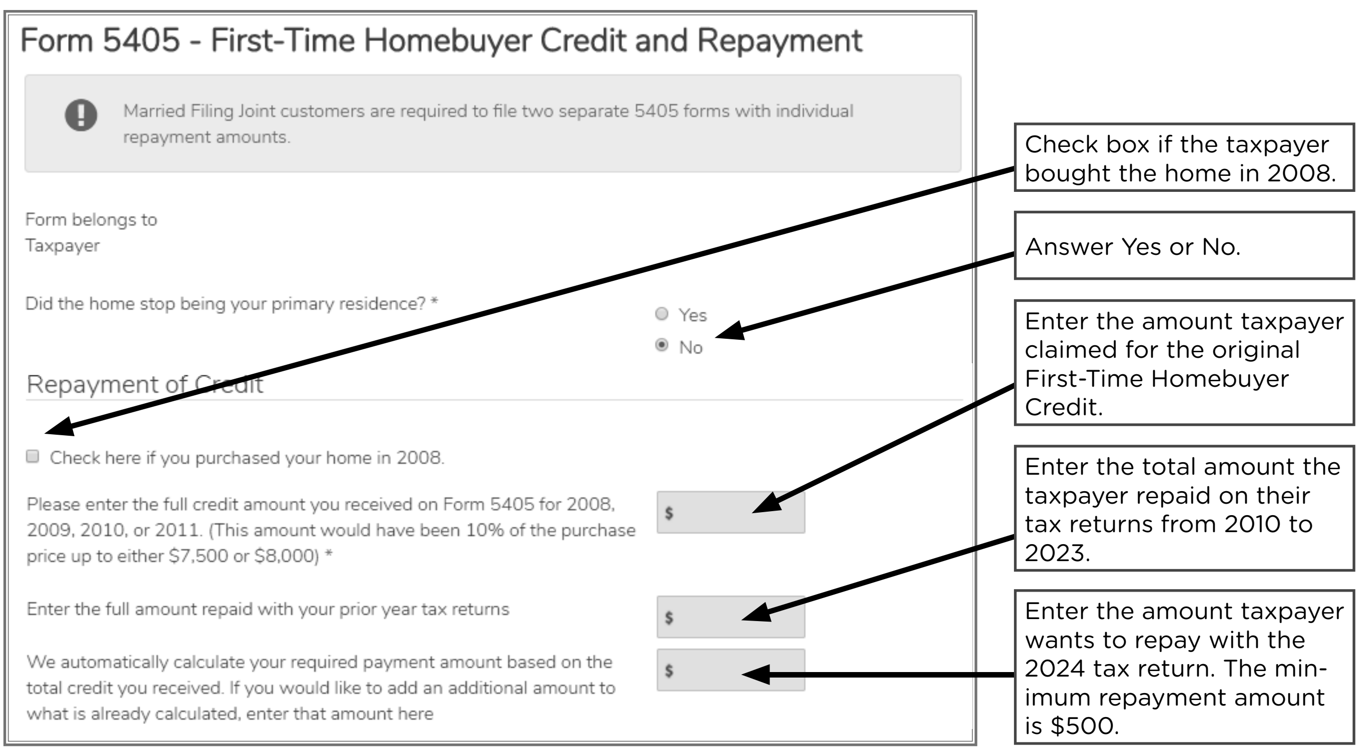
Credit repayments were also required for some taxpayers who took this credit in 2009 or 2010. The repayment schedule for these years has already ended.

The taxpayer can check the total credit and repayment amounts at **www.irs.gov/Individuals/First-Time-Homebuyer-Credit-Account-Look-up.**

Some exceptions to repayment apply. See the instructions for Form 5405 for a list of exceptions, especially if the taxpayer no longer owns the home. If the home was sold and repayments are limited by gains on the sale, the return is out of scope.

First-time Homebuyer Credit for Form 5405

Federal Section » Other Taxes » Repayment of First-time Homebuyer Credit
Search keyword: "5405" or "Homebuyer"



FEDERAL AND MINNESOTA PAYMENTS

INCOME TAX WITHHELD

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form W-2 • Various Forms 1099 • Form W-2G	• IRS: N/A • P+P: N/A	• 1040: line 25d • M1: line 20 and Sch M1W • M1PR: N/A	Basic

Overview: Most taxpayers will have tax withheld from wages and sent directly to the IRS and Minnesota Revenue. The amount withheld is based on the Form W-4 the employee filled out for the employer. Taxpayers who do not have enough withheld will have a balance due. If too much was withheld, the excess will be returned as a refund. In either case, taxpayers may want or need to update their W-4 to balance their tax withholding with their tax liability.

Taxpayers can also have tax withheld from some other income sources (e.g., unemployment, gambling winnings, or retirement plan distributions).

Taxpayers should consider updating their withholding at tax time or during other significant life events (e.g., having a child, getting married, or starting a new job).

The IRS Withholding Estimator at www.irs.gov/W4App can help taxpayers accurately update their forms to have the correct tax withheld. Minnesota Revenue also has a withholding calculator available on their website to help accurately calculate state tax withholding.

Prepare + Prosper has a W-4 Info handout available onsite for volunteers. The handout covers basic information about withholding and offers tips for filling out Form W-4.

ESTIMATED TAX PAYMENTS AND AMOUNTS APPLIED FROM PREVIOUS TAX YEAR

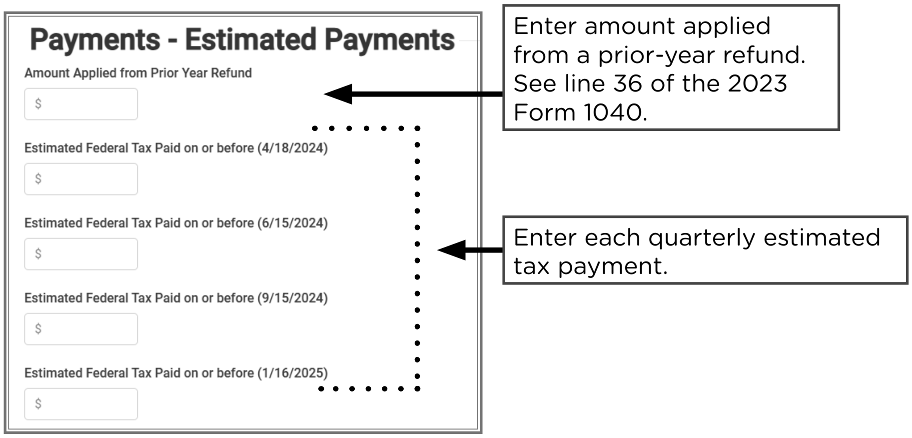
Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records of payment or prior year tax return	• IRS: Expenses and Tax-related Events page 3 • P+P: Minnesota Tax Information question 2	• 1040: lines 26, 31 and 36 and Sch 3 line 10 • M1: lines 21 and 30 • M1PR: N/A	Basic

Overview: Taxpayers with income from self-employment, dividends, interest, capital gains, and royalties may choose to or be required to make quarterly estimated tax payments. These types of income often do not have tax withheld, but taxpayers can still pay their income tax throughout the year.

Self-employed individuals and retirees are more likely to have made quarterly estimated tax payments or elected to apply a 2023 tax refund toward their 2024 tax liability than other VITA customers.

Federal estimated taxes paid

Federal Section » Payment & Estimates » Federal Estimated Tax Payments for 2024
Search keyword: “Payments”



New TaxSlayer 1040 Estimated Payments Calculator

Federal estimated taxes paid

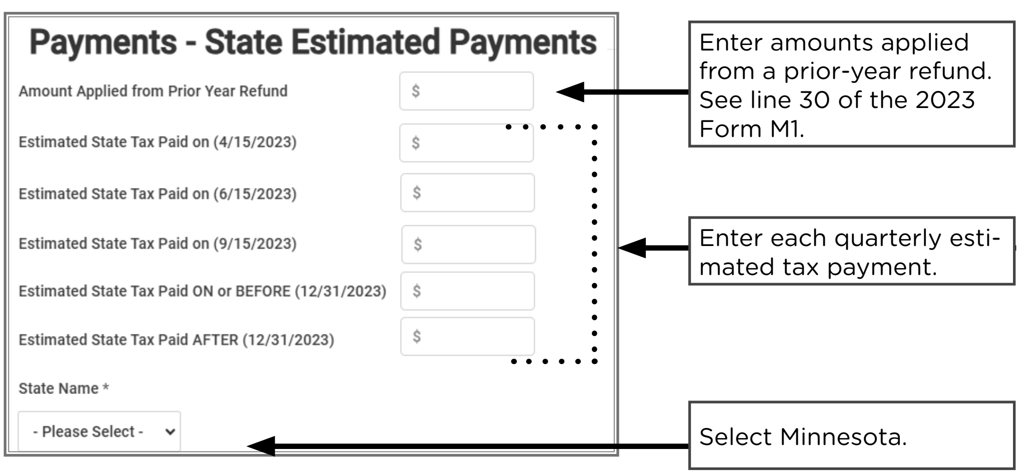
Federal Section » Payment & Estimates » Vouchers for 2025 Estimated Tax Payments » 1040 Estimated Payments Calculator

Use the calculator to project how much the customer should pay quarterly toward their anticipated federal tax liability.

The calculator will populate the current year's information in its column. Fill in next year's column with the taxpayer's projected income, deductions, adjustments, and credits. Next, click the last menu line to print the report. If tax is due, the report will show how much estimated tax should be paid quarterly.

Minnesota Estimated Payments

Federal Section » Payments & Estimates » State Estimated Payments
Search keyword: “Payments”



If a taxpayer expects to owe over $500 in Minnesota tax and does not have adequate tax withholding, generate estimated tax vouchers for 2025 using the “Estimated Payment Vouchers, Form M14” screen in the Miscellaneous Forms menu of the state section of TaxSlayer.

FEDERAL REFUNDABLE CREDITS

EARNED INCOME CREDIT (EIC)

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Intake sheet	• IRS: Expenses and Tax-related Events page 3 • P+P: N/A	• 1040: line 27 and Sch EIC • M1: N/A • M1PR: N/A	Basic

Overview: Most P+P taxpayers filing a federal return qualify for this refundable credit. TaxSlayer calculates the EIC automatically, but data entry errors can cause miscalculations. Do not enter data in the EIC section of TaxSlayer unless the taxpayer has had the credit disallowed in the past. EIC follows the Qualifying Child tests without the support test, and it's possible that a qualifying child for EIC may not be the taxpayer's dependent.

Maximum Credit and Earned Income/AGI Limits

Qualifying children	Single, HOH, and QSS, income less than:	MFJ, income less than:	Maximum credit:
0	$18,591	$25,511	$632
1	$49,084	$56,004	$4,213
2	$55,768	$62,688	$6,960
3 or more	$59,899	$66,819	$7,830

Earned Income for the EIC

Earned income is primarily from wages and self-employment income. Most other types of income are not considered earned income for the EIC; for example, Social Security benefits, unemployment, most retirement distributions, and income for work performed while an inmate at a penal institution (may be reported on a W-2).

See Pub 4012, Tab I, page I-3, for a more detailed summary.

SSN and ITIN rules for EIC

Taxpayers and any Qualifying Children must have a Social Security number (SSN) to be eligible for EIC. Taxpayers with an Individual Taxpayer Identification Number (ITIN) do not qualify. Taxpayers with SSNs may qualify if they are claiming someone with an ITIN (see chart below). Taxpayers who become eligible for an SSN may claim EIC if the SSN is received prior to the tax filing deadline.

Taxpayer with SSN claiming child with ITIN	Taxpayer qualifies for childless EIC
Taxpayer with ITIN claiming child with SSN	No EIC
Taxpayer with SSN, spouse with ITIN, claiming child with SSN	No EIC
Taxpayer with SSN claiming child with SSN and child with ITIN	Taxpayer and child with SSN qualify for EIC, but child with ITIN does not

Summary of EIC Eligibility Requirements		
Part A: Rules for everyone	**Part B: Rules with a Qualifying Child**	**Part C: Rules with no Qualifying Child**
• Taxpayers and Qualifying Children must all have a Social Security number that is valid for employment[1] • MFS filers qualify only if they did not live with their spouse in the last 6 months of the year and have a Qualifying Child • Must be a U.S. citizen or resident alien all year • Cannot file Form 2555 (relating to foreign earned income) • Investment income[2] must be $11,600 or less • Cannot be a Qualifying Child of another person	• Child must meet the relationship, age, residency and joint return tests, but not the support test (see below); the child doesn't have to be taxpayer's dependent • Taxpayer cannot be the Qualifying Child of another person • Qualifying Child cannot be used by more than one person to claim the EIC	• Must be at least age 25 but under age 65 at the end of the tax year • Cannot be a dependent of another person • Must have lived in the United States more than half the year • Cannot be a Qualifying Child of another person

[1] *Taxpayers must have a valid SSN by the due date of the return (including extension) in order to claim EIC. Taxpayers cannot file amended returns to claim a credit for a year when taxpayer did not originally have a valid SSN.*

[2] *Investment income includes taxable and tax-free interest, dividends and capital gains.*

Qualifying Child tests for the Earned Income Credit

1. **Age:** Under age 19 and younger than the taxpayer, **or** under age 24, younger than the taxpayer and a full-time student for at least 5 months of the year, **or** any age if permanently and totally disabled at the end of the tax year.
2. **Relationship:** The child must be the taxpayer's child, sibling, or a descendant of these relatives (full list on page 51).
3. **Residence:** The child must have lived with the taxpayer in the U.S. for more than half of the year (with exceptions for temporary absences). Only the custodial parent may claim EIC.
   - If the child qualifies more than one person for EIC, see tie-breaker rules on page 52.
   - If another person has erroneously filed claiming the taxpayer's Qualifying Child, prepare a paper return using the Qualifying Child. The IRS will use the tie-breaker rules to determine which person receives the EIC for the child.
4. **Joint return:** The child cannot be filing a tax return MFJ, unless filing only to claim a refund of tax withheld.

Information to claim EIC after disallowance

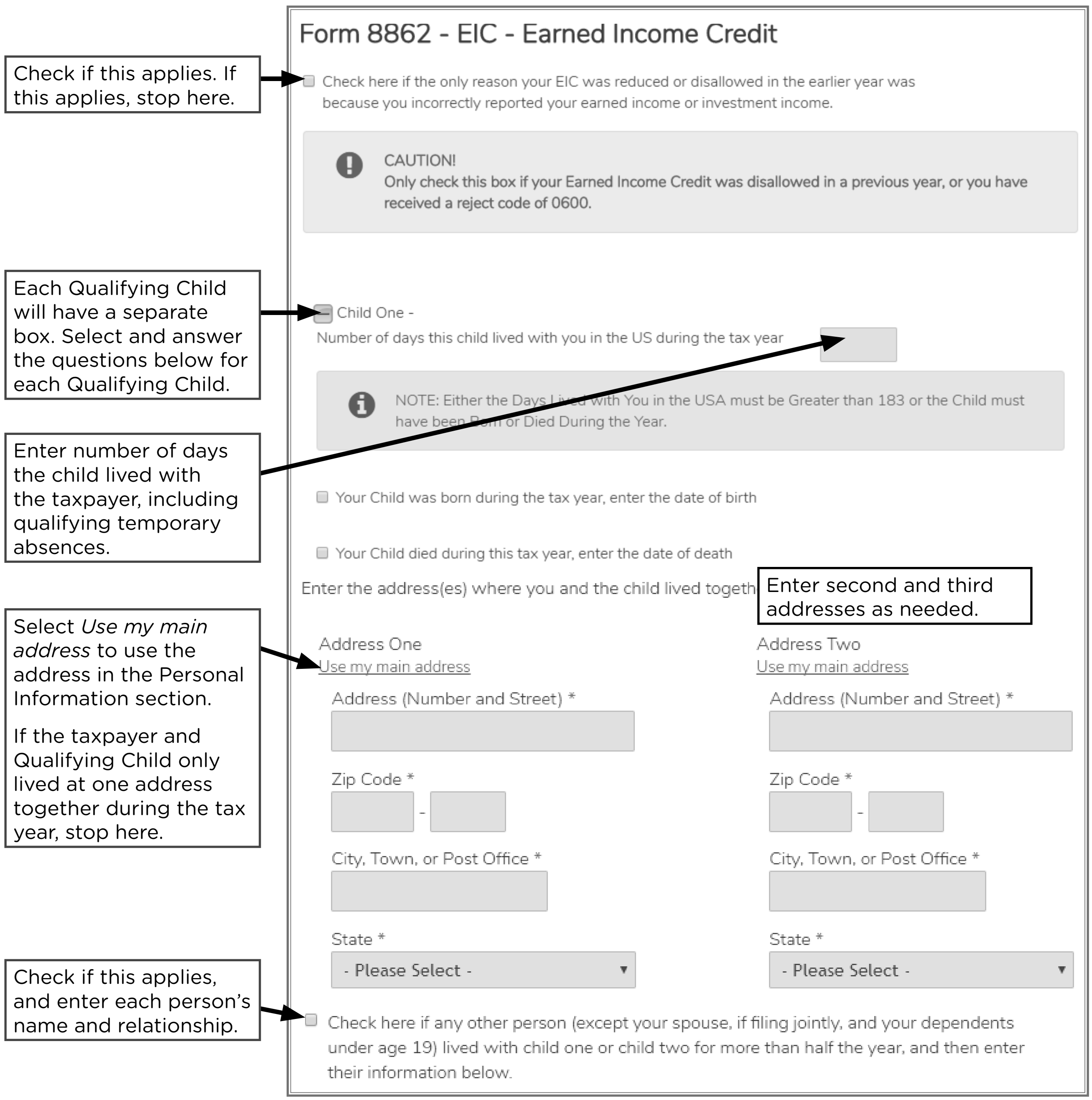
This is rare. If a taxpayer indicates on Form 13614-C that the EIC was disallowed in a prior year, start by asking clarifying questions. For example, "Have you ever received a letter from the IRS stating that you couldn't claim a credit?"

A taxpayer must complete Form 8862 if both of the following apply:

- The EIC was reduced or disallowed for any reason other than a math or clerical error
- And the taxpayer now qualifies for EIC and wants to claim it on their return.

Claiming EIC after disallowance — Form 8862

Federal Section » Deductions » Credits » Claiming Refundable Credits after Disallowance **Search keyword:** "8862" (first result)



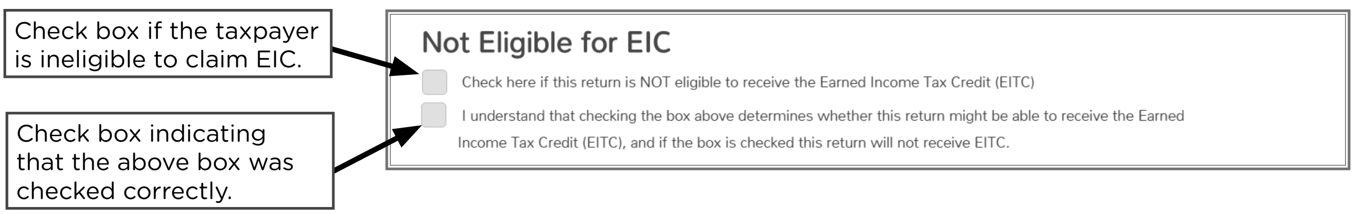
Not eligible for the EIC

If the taxpayer is not eligible for EIC, complete the form shown below to override the EIC calculations. **This is very rare**, but should be used if:

- Taxpayer has a Social Security card with the message *Not Valid for Employment*. In this situation, confirm that the taxpayer's status has not changed since the card was issued before overriding the EIC calculations.
- EIC was denied due to reckless or intentional disregard of the EIC rules.
- EIC was disallowed in the past due to fraud.

Ineligible for the EIC

Federal Section » Deductions » Credits » Earned Income Credit » Not eligible for EIC
Search keyword: "8862" (third result)



ADDITIONAL CHILD TAX CREDIT

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Intake Sheet	• IRS: Intake page 1 • P+P: N/A	• 1040: line 28 and Sch 8812 • M1: N/A • M1PR: N/A	Basic

Overview: Taxpayers who meet the qualifications for the Child Tax Credit may qualify for the Additional Child Tax Credit if they do not have enough tax liability to use the entire nonrefundable Child Tax Credit (see page 104). The Additional Child Tax Credit is refundable up to $1,700 per child. The taxpayer must have more than $2,500 of taxable earned income or have three or more qualifying children. TaxSlayer automatically calculates this credit and the Child Tax Credit based on entries in the dependent section and the taxpayer's income.

MN

Minnesota's Child and Working Family Credits are available to taxpayers and dependents using an ITIN if they meet all other criteria to claim the credit. See page 151 for full Minnesota credit eligibility details.

PREMIUM TAX CREDIT (PTC)

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1095-A	• IRS: Expenses and Tax-related Events page 3 • P+P: N/A	• 1040: line 31, Sch 3 line 9, and Form 8962 • M1: N/A • M1PR: N/A	Advanced

Overview: The Premium Tax Credit is a refundable credit available to taxpayers who purchase a health insurance plan through MNsure, Minnesota's health insurance marketplace. Most P+P customers, based on income, will qualify for MinnesotaCare or Medical Assistance and cannot claim the credit.

Taxpayers with a MNsure plan must have Form 1095-A and are required to file Form 8962. Taxpayers can log in to their MNsure accounts at **www.mnsure.org** to access Form 1095-A. Review Form 1095-A for potential out of scope situations before starting the return.

The PTC can be taken in advance as a payment directly to the insurer to reduce monthly premiums (advance PTC) and/or on the tax return claimed as a refundable credit (net PTC).

MNsure application .... Uses prediction for annual income .... Monthly advance PTC goes to insurance company

File tax return .... Calculates actual annual income .... Reconcile advance PTC and receive net credit or repay excess received

Anyone who receives advance PTC for themselves, a dependent, or a person they helped enroll under the belief they would be a dependent, must file a tax return to reconcile the PTC on Form 8962. If the taxpayer must repay part of the advance PTC, see correct TaxSlayer entry in Pub 4012, Tab H, page H-20.

> Taxpayers repaying excess PTC should be encouraged to report income changes to MNsure. Reporting income fluctuation throughout the year corrects the advance PTC issued monthly and should eliminate excess PTC repayments next year.

Taxpayers with MNsure insurance who did not claim advance PTC will receive Form 1095-A without entries in the columns for advance PTC or Second Lowest Cost Silver Plan (SLCSP) premium. Preparers must look up the SLCSP premium online at **compare.mnsure.org**. These taxpayers must include the Form 1095-A and SLCSP information when filing to determine eligibility for net PTC.

If any of the following situations apply, consult Pub 4012, Tab H, pages H-14 to H-21, because the return **may be out of scope** or require additional steps:

- Form 1095-A shows a person who is not on the return.
- Taxpayers receiving Form 1095-A got married or divorced in the tax year.
- A taxpayer has multiple Forms 1095-A.
- A taxpayer stopped paying premiums for a MNsure plan, but was still enrolled.

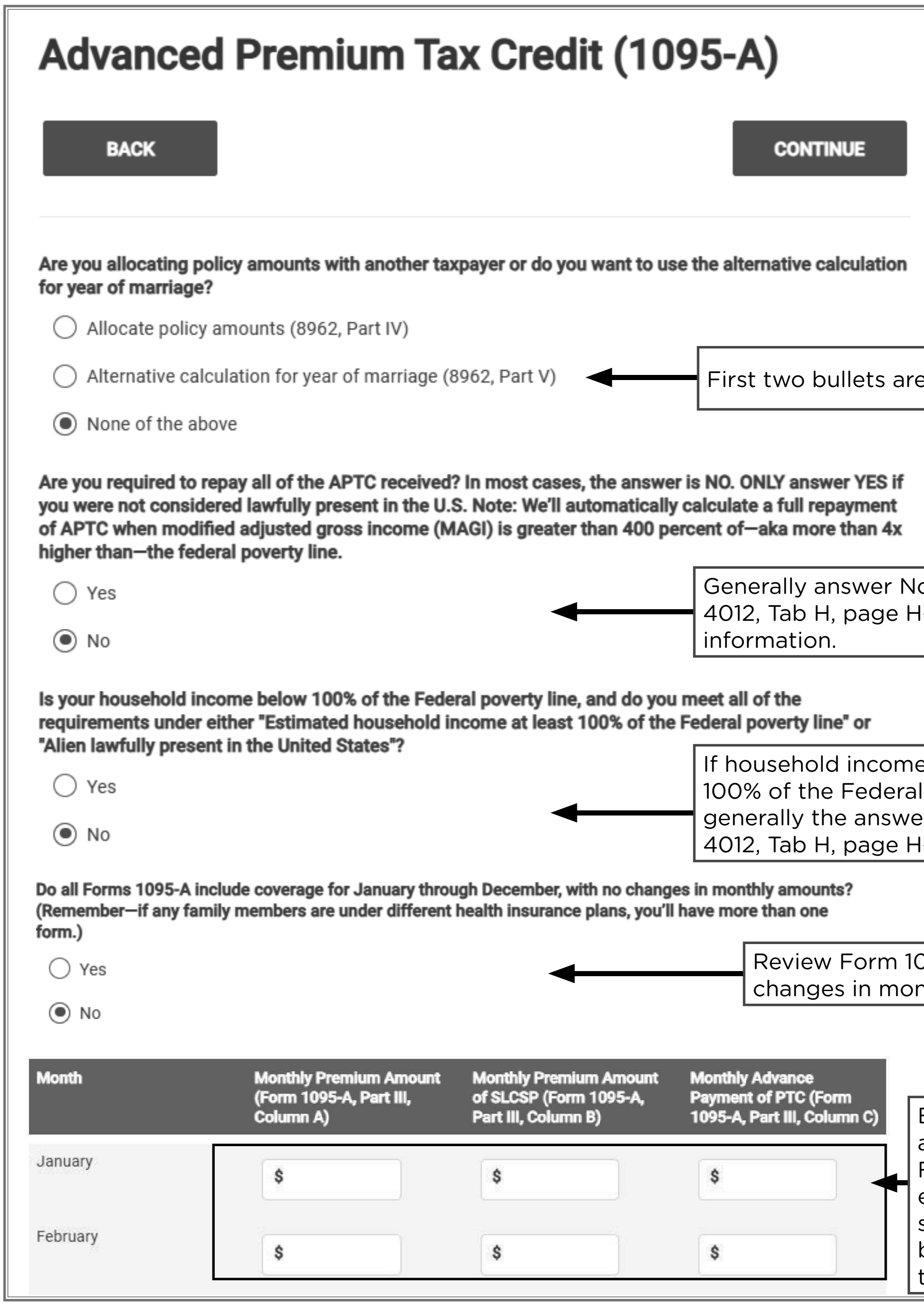
If someone received advance PTC, do not prepare the return without Form 1095-A.

The taxpayer can log in to an online MNsure account to print the form or request one by calling MNsure at 1-855-366-7873.

Taxpayers may receive either a Form 1095-B or Form 1095-C. These are informational only.

Entering the Advance Premium Tax Credit, reported on Form 1095-A

Health Insurance Section — Search keyword: “8965”


Advanced Premium Tax Credit (1095-A)

BACK CONTINUE

Are you allocating policy amounts with another taxpayer or do you want to use the alternative calculation for year of marriage?

- Allocate policy amounts (8962, Part IV)
- Alternative calculation for year of marriage (8962, Part V)
- None of the above

Are you required to repay all of the APTC received? In most cases, the answer is NO. ONLY answer YES if you were not considered lawfully present in the U.S. Note: We'll automatically calculate a full repayment of APTC when modified adjusted gross income (MAGI) is greater than 400 percent of—aka more than 4x higher than—the federal poverty line.

- Yes
- No

Is your household income below 100% of the Federal poverty line, and do you meet all of the requirements under either "Estimated household income at least 100% of the Federal poverty line" or "Alien lawfully present in the United States"?

- Yes
- No

Do all Forms 1095-A include coverage for January through December, with no changes in monthly amounts? (Remember—if any family members are under different health insurance plans, you'll have more than one form.)

- Yes
- No

Month	Monthly Premium Amount (Form 1095-A, Part III, Column A)	Monthly Premium Amount of SLCSP (Form 1095-A, Part III, Column B)	Monthly Advance Payment of PTC (Form 1095-A, Part III, Column C)
January	$	$	$
February	$	$	$

First two bullets are out of scope.

Generally answer No. See Pub 4012, Tab H, page H-13, for more information.

If household income is less than 100% of the Federal Poverty Line, generally the answer is Yes. See Pub 4012, Tab H, page H-13.

Review Form 1095-A for changes in monthly amounts.

Enter monthly amounts from Form 1095-A. If each month is the same, summary boxes for annual totals will display.

EDUCATION BENEFITS

ELIGIBILITY FOR EDUCATION CREDITS

If a taxpayer, spouse, or one of their dependents attended a post-secondary institution, they may be eligible for tax benefits and/or have taxable income as a result.

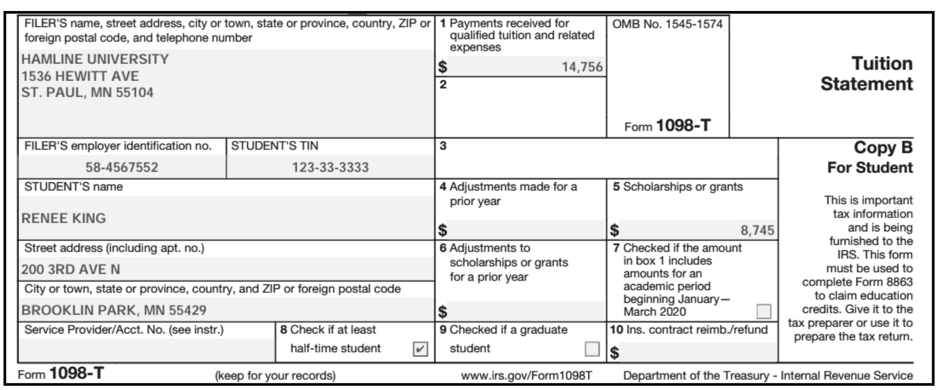
Below are steps to determine the tax implications — the process takes some time, but can have a big impact on the taxpayer's return:

1. Confirm documentation
2. Determine who is eligible, and which credit they qualify for
3. Determine amounts of qualified expenses and educational assistance
4. Determine tax treatment of scholarships and adjust eligible expenses
5. Maximize education credits
6. Enter values into the tax software
7. Compare credit options with the New Education Credits Worksheet (page 133).

CONFIRM DOCUMENTATION — FORM 1098-T

With very few exceptions, Form 1098-T is required for tax preparation if a post-secondary student is included on the return. Students can often print Form 1098-T by logging into the school's website.

- Box 1 and Box 5 on the form help identify qualifying expenses for education credits and the tax treatment of scholarships and grants.
- Boxes 8 and 9 indicate if a student was enrolled at least half time or was a graduate student.
- Adjustment information in Box 6 does not apply to the current tax year but may have an impact on a prior-year return.



FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number
HAMLINE UNIVERSITY
1536 HEWITT AVE
ST. PAUL, MN 55104

1 Payments received for qualified tuition and related expenses $ 14,756
2
OMB No. 1545-1574
Form 1098-T
Tuition Statement

FILER'S employer identification no. 58-4567552
STUDENT'S TIN 123-33-3333
3
Copy B For Student

STUDENT'S name RENEE KING
4 Adjustments made for a prior year $
5 Scholarships or grants $ 8,745

Street address (including apt. no.) 200 3RD AVE N
City or town, state or province, country, and ZIP or foreign postal code BROOKLIN PARK, MN 55429
6 Adjustments to scholarships or grants for a prior year $
7 Checked if the amount in box 1 includes amounts for an academic period beginning January—March 2020

This is important tax information and is being furnished to the IRS. This form must be used to complete Form 8863 to claim education credits. Give it to the tax preparer or use it to prepare the tax return.

Service Provider/Acct. No. (see instr.)
8 Check if at least half-time student ☑
9 Checked if a graduate student ☐
10 Ins. contract reimb./refund $

Form 1098-T (keep for your records) www.irs.gov/Form1098T Department of the Treasury - Internal Revenue Service

Itemized billing statements

In addition to Form 1098-T, some students will want or need to print an itemized billing statement from the school to document additional qualifying expenses. This may include books purchased directly from the school. The billing statement is also useful when determining the types of scholarships a student received and verifying the year in which they were received.

DETERMINE EDUCATION CREDIT ELIGIBILITY

Taxpayers can claim only one education benefit per qualifying student. If the student qualifies, the American Opportunity Credit will be the most beneficial.

	American Opportunity Credit	Lifetime Learning Credit
Maximum credit	Up to $2,500 **per eligible student** ($4,000 in expenses needed for maximum credit).	Up to $2,000 **per return** ($10,000 in expenses needed for maximum credit).
Credit calculations	100% of first $2,000 of qualifying expenses, and 25% of additional expenses up to $4,000.	20% of qualifying expenses.
Refundable or nonrefundable	40% of the credit (up to $1,000) is a refundable credit; the rest is nonrefundable.	Nonrefundable.
Number of years of post-secondary education	Available **ONLY** for the first 4 years of post-secondary education.	Available for all years of postsecondary education, and for courses to acquire or improve job skills.
Number of tax years credit is available	Available **ONLY** for 4 tax years per eligible student, including any years the Hope Credit was claimed.	Available unlimited number of years.
Type of degree	Pursuing a degree or other recognized education credential.	Need not be pursuing a degree, but must be for courses to acquire or improve job skills.
Number of courses	Must be enrolled at least half-time for at least one academic period beginning during the year.	Available for one or more courses.
Felony drug conviction	Cannot have been convicted of a felony for possessing or distributing a controlled substance.	Felony drug convictions do not impact eligibility.
Qualified expenses	Tuition, required enrollment fees and course-related materials, such as books, supplies, and equipment. See page 125 for details on qualified expenses, including books, supplies, or equipment, if not included on Form 1098-T.	
Eligible Institution	Must be accredited and eligible for participation in the federal student aid program. Verify at **ope.ed.gov/accreditation/Search.aspx** if needed.	
Eligible Student	• Taxpayer, spouse, or a dependent claimed on the return. • Dependent students and students under age 24 may claim education credits, however, special rules apply, see page 124. • Taxpayers using the Married Filing Separately filing status do not qualify. • Taxpayers who were nonresident aliens for any part of the year cannot claim education credits unless they elect to be treated as a resident alien for tax purposes. See page 38 for more information.	

There is no upper age limit for claiming an education credit. College and university students of any age can be eligible if they meet the other credit qualifications.

Credits for dependent students

When a taxpayer claims a student as a dependent:

- The taxpayer can claim the **American Opportunity Credit <u>or</u> Lifetime Learning Credit.**
  - » This is based on the student's expenses, regardless of who paid for the expenses or who is responsible for repaying the loan.
  - » Do not enter taxable and nontaxable scholarships on the taxpayer's return — only on the *student*'s return, regardless of who claims the credit.
- **Most often the greatest tax benefit** will result if the taxpayer claims the dependent student and the education credit.

A student can claim education credits if no one claims them as a dependent. (In some cases, a taxpayer may choose not to claim a student as a dependent even when they're entitled to). The student can claim the Lifetime Learning Credit **<u>or</u>** the nonrefundable portion of the American Opportunity Credit.

Some dependent students with scholarship income are required to file Form 8615, which calculates "Kiddie Tax". When this is required, the dependent student's return is out of scope for VITA. See more on page 129.

Students under age 24 — American Opportunity Credit

Students under age 24 may claim the refundable portion of the American Opportunity Credit if any of the following apply to them:

- Student was 18 or older and their earned income[1] was at least half of their support[2]
- Student was 19 or older and was not a full-time student[3]
- Neither of the student's parents was living at the end of the tax year
- The student is married and files a joint return

Students under age 24 who do not meet any of the above criteria can still claim the nonrefundable portion of the credit if they are not claimed as a dependent. For helpful interview questions, see Pub 4012, Tab J, page J-14.

[1] TaxSlayer calculates earned income for the education credits, including: wages, self-employment earnings, and the part of any scholarship or fellowship that represents payment for teaching, research, or other services performed by the student that are required as a condition for that scholarship or fellowship (other scholarships received are not considered earned income for purposes of determining support). For more information about earned income, see Pub 970, Tax Benefits for Education.

[2] Support includes food, shelter, clothing, medical and dental care, education, and the like. For more information, see Pub 970, Tax Benefits for Education.

[3] The student is full-time if during any part of any 5 calendar months in the tax year, the student was enrolled as a full-time student at an eligible institution.

QUALIFIED EXPENSES & EDUCATIONAL ASSISTANCE

Total qualified expenses

Tuition and related expenses on Form 1098-T	+	Additional qualified expenses	=	Total qualified expenses

Qualified expenses for the American Opportunity Credit and Lifetime Learning Credit include tuition and other expenses required for enrollment. Most expenses are reported by the school on Form 1098-T; however, additional expenses can come from itemized billing statements or receipts. Expenses qualify in the tax year in which they were paid, regardless of when the student attended school.

Taxpayers must have receipts for additional expenses in case of an audit, but the receipts do not need to be present for tax preparation if the taxpayer knows the amounts. Advise the taxpayer to place the receipts with the tax return copy in case they are needed in the future.

Non-qualified expenses

Some common expenses cannot be used when calculating an education credit: insurance, student health fees, room and board, transportation, or personal living expenses. Student activity fees are a non-qualified expense unless the school includes the amount in Box 1 on Form 1098-T

American Opportunity Credit, additional qualified expenses

For the American Opportunity Credit, required course-related materials may be included as qualified expenses, like books, supplies, or equipment. Computer or other technology purchases are eligible only if a specific product is required for a course.

Example: Ally qualifies for the American Opportunity Credit, and she is required to purchase a specific photo editing software; the software is a qualified expense. Ally's new laptop is not a qualified expense, because the photography class did not require her to purchase a specific computer.

Example: Noah attended his first year of college and took classes towards his bachelor's degree in social work. He paid $11,800 in tuition, $3,200 in room and board, and $1,000 for course books.

Noah's tuition and course books are qualified expenses for the American Opportunity Credit. Room and board cannot be added as a qualified expense.

Tuition	$11,800
Books	+ $1,000
Total qualified expenses	$12,800

Lifetime Learning Credit, additional qualified expenses

For the Lifetime Learning Credit, student fees and expenses for course-related books, supplies, and equipment can be included in qualified education expenses **only** if the fees and expenses must be paid to the institution in order for the student to enroll or attend. Form 1098-T often includes these expenses in box 1.

Educational assistance — scholarships and grants

Most students whose returns are prepared at P+P receive some form of assistance (scholarships and grants) to help pay for post-secondary education. Depending on what the funds are used to pay for, they may be taxable or nontaxable (see page 127).

Form 1098-T, box 5, reports scholarships and grants a student receives. This includes federal and state grants, as well as scholarships from the school and outside organizations. Additional information about the type of scholarship or grant can usually be found on financial aid award letters or account statements, available on the school's website.

Other educational assistance

Students may receive other educational assistance like fellowships, employer-provided educational assistance, or education payments from the Department of Veterans Affairs (VA). VA education benefits may be housing/subsistence grants or may be for qualified education expenses. When calculating taxable and nontaxable educational assistance, do not include housing or subsistence grants.

Fellowships, employer-provided educational assistance, and VA benefits for education expenses generally will not be reported on Form 1098-T. A student may have a letter or information from the school showing the amounts. When calculating education credits, add these amounts to educational assistance reported on Form 1098-T in box 5.

Student loans are not considered educational assistance because they must be repaid.

Restricted educational assistance

Some scholarships and grants are restricted and must be used to pay qualified education expenses (tuition and required fees). These awards are generally paid directly to the school, and any excess amount is refunded to the organization that provided the scholarship or grant. Some VA benefits and many merit-based scholarships are restricted.

Non-restricted educational assistance

Non-restricted scholarships and grants may be used for any qualified education expense or for room and board or other living expenses. These awards may be paid to the school or directly to the student, and any amounts not used by the school will be refunded to the student.

These types of grants are always non-restricted:

- Pell Grants
- Minnesota State Grants (MSG)
- Minnesota Supplemental Educational Opportunity Grants (SEOG)

Many scholarships and grants are tax-free, but homeowners must report nontaxable amounts as household income on Form M1PR (page 173). (This no longer applies to renters starting in tax year 2024). If the student is not a homeowner, then nontaxable scholarship income does not get reported.

TAXABLE SCHOLARSHIPS AND ADJUSTING EDUCATIONAL EXPENSES

To accurately calculate an education credit, tax preparers must:

1. Figure total qualified education expenses (page 125)
2. Figure the total scholarships and grants (page 126).

These values determine if the student must report taxable scholarships and grants and the qualified expenses that are eligible for education credits. The two diagrams below illustrate the relationships among all of these amounts.

$$$

Qualified expenses

paid by scholarships → **not eligible** for education credits

paid out of pocket[1] → **eligible** for education credits

[1]*Out-of-pocket payments include cash payments, student loans, gifts, and amounts paid by other individuals.*

Scholarships and grants

used to pay qualified expenses → **Nontaxable income:** Include as non-taxable income on the *student's* Form M1PR if the student is a homeowner.

used to pay living expenses → **Taxable income:** Report as taxable income on the *student's* return.

Report a student's **nontaxable** awards on line 6 of the student's Form M1PR (homeowners only). See page 132 for TaxSlayer data entry instructions.

Report a student's **taxable** scholarships, fellowships, and grants on Schedule 1 of the student's Form 1040.

DO NOT report a dependent's scholarships and grants on the taxpayer's return. An education credit can be claimed for a dependent, but the dependent's scholarships and grants are only reportable on the dependent's return.

MAXIMIZING EDUCATION CREDITS: THE BASICS

In many situations a taxpayer will benefit from maximizing an education credit through a series of steps outlined in this section. Examples are provided on page 134. "Maximizing" the credit allows the taxpayer to take full advantage of the credit by exchanging one tax benefit for another that gives a greater benefit.

Tax-free status applied to scholarships and grants used for eligible expenses	exchange tax benefits ⟷	Education credit (or greater amount of qualified expenses for an education credit)

Do NOT follow the maximizing steps if the taxpayer's situation matches any of these:

- A student qualifies for the American Opportunity Credit, and Form 1098-T reports tuition that is at least $4,000 greater than the scholarships and grants reported. The maximum education expenses allowed for the credit are $4,000.
- A student qualifies for the Lifetime Learning Credit, and the taxpayer has no taxable income. A nonrefundable credit does not benefit a taxpayer with no tax liability.
- A student qualifies for either education credit and did not receive any scholarships or grants, or received only restricted educational assistance.

Exchanging tax benefits

To maximize an education credit, a taxpayer may choose to treat all or a portion of scholarships and grants as if they were used to pay for living expenses instead of qualified education expenses. Consequently, that amount becomes taxable, and qualified education expenses (equal to the amount made taxable) are eligible for education credits, because they are considered to be paid out of pocket.

At P+P this is referred to as "exchanging tax benefits" and it's allowable regardless of how the student or school actually used the scholarships or grant. However, the scholarships and grants must be nontaxable and non-restricted (see page 126).

Scholarships and grants that are reallocated as taxable are reported on the student's tax return, even if the student is a dependent.

Maximizing the American Opportunity Credit

Taxpayers in the income ranges served at VITA sites often receive a better tax benefit from maximizing the American Opportunity Credit than from keeping scholarships and grants tax-free. For the American Opportunity Credit, the maximum eligible education expenses are $4,000. When all of a student's qualifying education expenses are covered by scholarships and grants, up to $4,000 can be shifted to being taxable, to allow a taxpayer to take full advantage of the credit.

Often, a student has paid some expenses out of pocket and has some eligible expenses for the credit. In this case, a smaller amount can be made taxable allowing up to $4,000 to be claimed as eligible expenses for the credit. Examples are provided on page 134.

Maximizing the Lifetime Learning Credit

Taxpayers may choose to take full advantage of the Lifetime Learning Credit; however, for taxpayers served at VITA sites, it may not give a greater tax benefit, especially when the student is the taxpayer. If the student is a dependent, reporting additional taxable income may have minimal or no impact on the dependent's return, and maximizing the Lifetime Learning Credit has a greater chance of benefiting the taxpayer's return.

MAXIMIZING EDUCATION CREDITS FOR DEPENDENTS

If a taxpayer chooses to characterize a dependent's educational assistance as taxable in order to maximize the American Opportunity Credit or Lifetime Learning Credit:

- The taxpayer claims the credit
- Taxable educational assistance is reported on the dependent's return

Many dependent students have little to no income, and it is often more beneficial to maximize an education credit on the parent's return than to maintain the tax-free status of the scholarships or grants.

Interview tips for dependent's taxable educational assistance

If both the dependent and the taxpayer are at the tax site, compare results from both returns when possible and explain the overall impact to the taxpayer and the dependent.

If taxpayer is at the tax site without the dependent:

1. Prepare the taxpayer's return by maximizing the American Opportunity Credit, but ask about how much the dependent earned, to anticipate impact on the dependent's return.
2. After maximizing the American Opportunity Credit for the taxpayer, an amendment to an already-filed dependent's return may be necessary to include additional income. This may require the dependent to pay back some or all of an originally-claimed refund.
3. The taxpayer's return can be filed if the taxpayer has a full understanding of the income that needs to be added to the dependent's return. If that isn't possible, the taxpayer should come back with the dependent and/or the dependent's return or income information.

A dependent's standard deduction in tax year 2024 can be up to $14,600. See Pub 4012, Tab F, page F-4, for more information on calculating the standard deduction for dependents.

Kiddie Tax and Form 8615

Adding scholarship income to a dependent's return may increase the dependent's income enough to create a filing requirement when there previously was not one. Having a filing requirement does not always mean the dependent will have a tax liability.

Form 8615 calculates a different tax rate for a dependent's unearned income. A dependent's return requires Form 8615 and is out of scope if **both** of the situations below apply.

1. The dependent is required to file a return (see Pub 4012, Tab A, page A-4)
2. The dependent's taxable scholarship income and other unearned income exceeds $2,600

Important note: taxable scholarship income is considered *earned income* for the purpose of determining if a dependent must file a tax return (and for calculating the standard deduction for dependents). Taxable scholarship income is considered *unearned income* for purposes of calculating Kiddie Tax.

Form 8615 requires information from the parents' or siblings' returns. This form is out of scope for VITA. Encourage the student to pursue self-preparation (see prepareandprosper.org for options provided by P+P) or refer to a professional tax preparer. Discuss the scholarship income that must be included on the return.

OVERALL TAX IMPACT OF MAXIMIZING EDUCATION CREDITS

Make the most complete comparison possible to determine the best tax benefit for the taxpayer (and for the taxpayer's dependent if applicable). Characterizing scholarships as taxable income will increase AGI and may affect the federal and Minnesota tax returns and other areas of the taxpayer's life.

It's important that the taxpayer is aware of the consequences of choosing to add additional taxable income. While an increase to AGI may cause no negative effects on the income tax return, it's possible for increased AGI to:

- Decrease Earned Income Credit, Child and Working Family Credit, and Renter's Credit
- Increase the amount of taxes owed
- Decrease eligibility for educational assistance when completing the FAFSA
- Decrease eligibility for certain public benefit programs

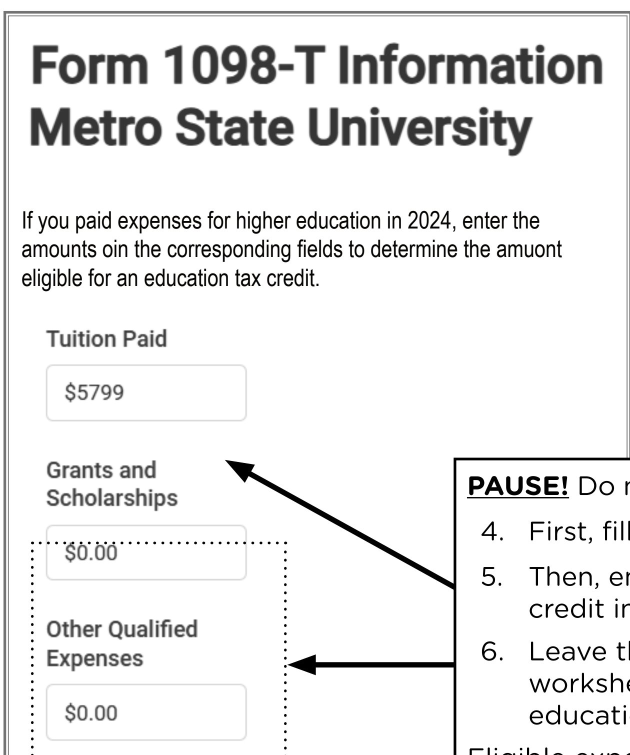
Consider the impacts on tax credits and tax, determine the best tax result, and discuss options with the taxpayer. Tax preparers do not need to provide guidance on FAFSA or public benefit eligibility, but it's important to communicate that the taxpayer's eligibility for these programs could be impacted.

ENTERING EDUCATION CREDITS IN TAXSLAYER

Education credit data entry is tricky, especially when testing scenarios for maximizing a credit. Follow the steps outlined on the next few pages for help with correctly entering credit information for a student.

Education Credits for Form 8863

Federal Section » Deductions » Credits » Education Credits
Search keyword: "8863" or "Education"



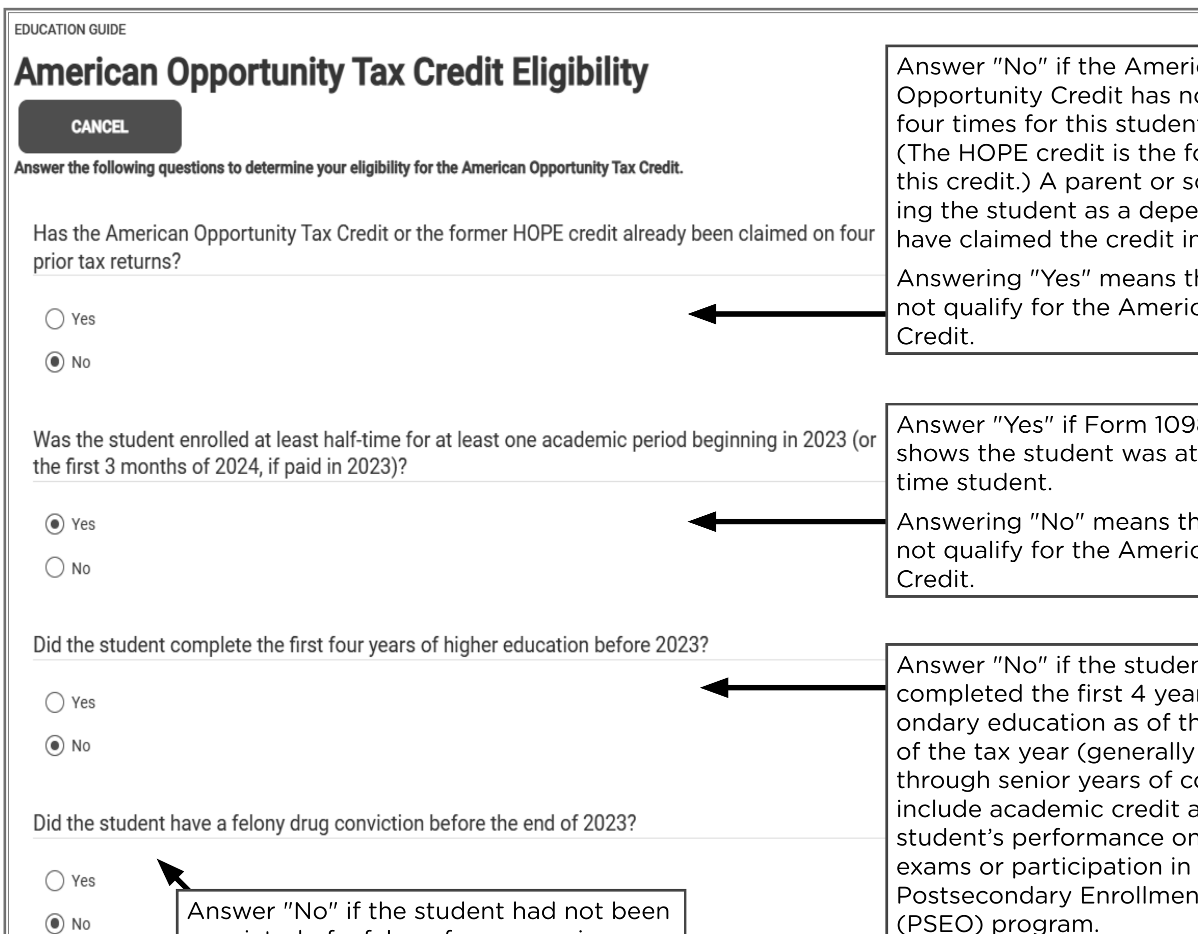
1. After opening the Education Credits menu, select the correct student. A credit for another student may be added later.
2. On the "Form 1098-T" screen:
   - Click"Yes" the student received Form 1098-T. This is required to claim the credits.
   - The following question asks about the prior-year form. If it is unavailable to verify, select "No."
3. Enter basic school information from 1098-T on the "Add an Institution" screen.

PAUSE! Do not simply enter values from Form 1098-T into TaxSlayer.

4. First, fill out the education credit worksheet (page 133)
5. Then, enter the *student's eligible expenses* for an education credit in the Tuition Paid box.
6. Leave the lower two boxes blank. The calculations from the worksheet are the most effective and correct way to maximize education credits.

Eligible expenses are equal to a student's qualified expenses minus the amount paid by scholarships and grants or the expenses calculated by maximizing a credit (see page 127).

7. Click "Continue" on the “Institutions for Student” page to move on. Use the + button to add information for another school if needed or the pencil icon button to edit the school information or eligible expense amount.
8. On the “American Opportunity Credit Eligibility” page (shown below), answer the questions carefully according to the student’s situation. These questions determine if the student is eligible for the American Opportunity Credit or the Lifetime Learning Credit.
9. Click "Continue" on the recommended credits screen to move on. If the student should qualify for the American Opportunity Credit, but the Lifetime Learning Credit is suggested, doublecheck data entry in the previous section.
10. On the “Education Credit Summary” page, click "Continue" to move on, or use the + button to add another student. When taking steps to maximize an education credit, make note of the AGI, federal refund, and Minnesota refund before testing other options.
11. Additional data entry is needed when:
    - The taxpayer is the student and has taxable scholarship income.
    - The taxpayer is the student and is a homeowner — nontaxable scholarship income must be entered.
    - There may be a tax benefit for maximizing the education credit.


EDUCATION GUIDE

American Opportunity Tax Credit Eligibility

CANCEL

Answer the following questions to determine your eligibility for the American Opportunity Tax Credit.

Has the American Opportunity Tax Credit or the former HOPE credit already been claimed on four prior tax returns?

( ) Yes
(•) No

Was the student enrolled at least half-time for at least one academic period beginning in 2023 (or the first 3 months of 2024, if paid in 2023)?

(•) Yes
( ) No

Did the student complete the first four years of higher education before 2023?

( ) Yes
(•) No

Did the student have a felony drug conviction before the end of 2023?

( ) Yes
(•) No

Answer "No" if the American Opportunity Credit has not been claimed four times for this student in the past. (The HOPE credit is the former name of this credit.) A parent or someone claiming the student as a dependent may have claimed the credit in prior years.

Answering "Yes" means the student does not qualify for the American Opportunity Credit.

Answer "Yes" if Form 1098-T, box 8 shows the student was at least a half-time student.

Answering "No" means the student does not qualify for the American Opportunity Credit.

Answer "No" if the student had not completed the first 4 years of postsecondary education as of the beginning of the tax year (generally freshman through senior years of college). Do not include academic credit awarded for a student’s performance on proficiency exams or participation in Minnesota’s Postsecondary Enrollment Options (PSEO) program.

Answering "Yes" means the student does not qualify for the American Opportunity Credit.

Answer "No" if the student had not been convicted of a felony for possessing or distributing a controlled substance before the end of the tax year.

ENTERING TAXABLE SCHOLARSHIP INCOME

Scholarships and grants

Federal Section » Income » Other Income » Other Compensation » Scholarship and Grants **Search keyword:** "Other" - other compensation

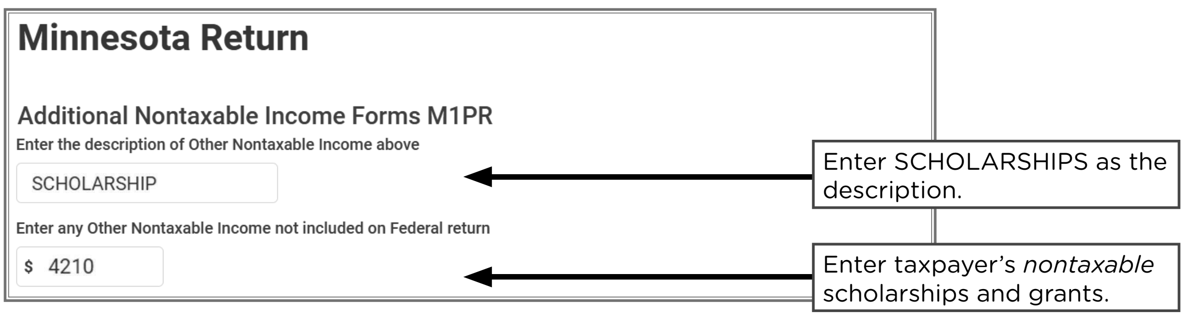
Use the information on page 127 to calculate a student's taxable scholarships and grants. Enter the amount on the student's return; do not enter it on a parent or guardian's tax return.

ENTERING NONTAXABLE SCHOLARSHIP INCOME FOR HOMEOWNERS

Nontaxable scholarships and grants

State Section » Pencil » Additional Nontaxable Income (Forms M1PR)

Use the information on page 127 to calculate a student's nontaxable scholarships and grants. Enter the amount on the student's return only if the student is a homeowner. This amount will transfer to Sch M1PR-AI along with other nontaxable household income (see page 173).



DATA ENTRY TIPS FOR MAXIMIZING CREDITS

When maximizing an education credit, it's often necessary to test several options to identify the best tax benefit for the taxpayer. Take notes about the values to test before starting data entry in TaxSlayer (see examples on page 135). Here are some tips for testing different credit options:

- Enter all other income and credit information before comparing education credit options.
- Use the Form Finder search box or left-hand menu to move quickly between the taxable scholarship entry and the education credits section.
- To change the eligible expense amount in the education credit section, it's necessary to click through the entire section. Don't stop before seeing the "Education Credit Summary," because new entries may not save.
- If testing out a scenario where the education expenses are $0, TaxSlayer will not accept that amount to move forward. Put in $1 but know that the Federal refund will be $1 higher.
- Enter nontaxable scholarship/grant income for homeowners last. This entry is important for calculating the homestead credit but will not impact the federal or Minnesota refund.

PREPARE + PROSPER

EDUCATION CREDITS WORKSHEET

1. **Student's name:** ____________________________________

2. **Can the student be claimed as a dependent?** ❑ Yes ❑ No ❑ Dependent

3. **What credit does the student qualify for?**
   ❑ American Opportunity Credit
   ❑ Lifetime Learning Credit

4. **Determine total qualified expenses**

	+		=	
Tuition & related expenses Form 1098-T, box 1		additional amounts for books or other qualified expenses		total qualified expenses

5. **Figure expenses eligible for credits and taxable scholarships and grants**

	-		=	
Total qualified expenses from step 4		Scholarships and grants from Form 1098-T, box 5		Eligible Expenses for Credit(+) or Taxable Scholarship (-)

A. Eligible Expenses for Credits _________________ (step 5 if positive; if negative use $0)
B. Taxable scholarships/grants _________________ (step 5 if negative; if positive use $0)
C. Nontaxable scholarships/grants _________________ (total scholarships/grants minus line B)

6. **Test scenarios in TaxSlayer to maximize the credit and make notes.**

	Option 1: Values from step 5	**Option 2:** Maximize Eligible Expenses	**Option 3:** Eligible Expenses less than max
Eligible Expenses for Credits Enter in Education Credit section in TaxSlayer			
Taxable educational assistance Enter in Other Compensation section in TaxSlayer			
Nontaxable educational assistance Enter only for homeowners MN section in TaxSlayer			
Federal Adjusted Gross Income (AGI)			
Federal Refund or Balance Due			
State Refund or Balance Due			

See Education Benefits section in the P+P Volunteer Tax Manual for more information about education credit eligibility, TaxSlayer data entry, and strategies for maximizing an education credit.

EXAMPLES: MAXIMIZING THE AMERICAN OPPORTUNITY CREDIT

Student has maximum expenses: credit is already maximized

Jared is 25 years old, and he is in his third year of college. No one can claim him as a dependent. He is a homeowner and will claim a homestead credit. He qualifies for the American Opportunity Credit. Jared spent $200 on books for his classes.

Jared has $4,100 in eligible expenses for the American Opportunity Credit. Since the maximum expenses allowed are $4,000, no additional steps are needed to maximize his credit. All of Jared's scholarships are nontaxable because they were used toward qualified expenses.

Remember: nontaxable scholarship income of $5,500 must be entered in the Minnesota section as nontaxable household income because Jared is a homeowner.

1. Payments received for qualified tuition and required expenses
$9,400

5. Scholarships or grants
$5,500

Form **1098-T**
Tuition Statement

NOTES

Total qualified expenses
$9,400 tuition + $200 books = $9,600

Eligible expenses and taxable scholarships
$9,600 - $5,500 = $4,100 in eligible expenses

Options to test

1	Eligible Expenses for Credits	$4,100
	Taxable educational assistance	$0
	Nontaxable educational assistance	$5,500
2	Eligible Expenses for Credits	**n/a** Jared
	Taxable educational assistance	has maximum
	Nontaxable educational assistance	expenses

Maximize when student has no eligible expenses

Va'Leesha was 19 during the tax year and her grandmother will claim her as a dependent. Va'Leesha is in her first year of college, and she qualifies for the American opportunity credit. She paid $300 for textbooks.

Va'Leesha has $2,200 in taxable scholarship income to report on her return and no expenses eligible for education credits.

To maximize the American Opportunity Credit for Va'Leesha's grandmother, choose to make an additional $4,000 taxable on Va'Leesha's return (total of $6,200). This allows $4,000 of eligible expenses for the credit. If possible, the same preparer will work on both tax returns and calculate the best benefit for the family as a whole.

If Va'Leesha had a job or other types of income, she may have a tax filing requirement and adding additional income may negatively impact her return. Test another option by making only an additional $2,000 taxable (total of $4,200). In this option, Va'Leesha's grandmother can claim $2,000 of eligible expenses for the credit.

1. Payments received for qualified tuition and required expenses
$16,000

5. Scholarships or grants
$18,500

Form **1098-T**
Tuition Statement

NOTES

Total qualified expenses
$16,000 tuition + $300 books = $16,300

Eligible expenses and taxable scholarships
$16,300 - $18,500 = $-2,200 ($2,200 in taxable scholarship)

Options to test

1	Eligible Expenses for Credits	$0
	Taxable educational assistance • Enter on Va'Leesha's return	$2,200
	Nontaxable educational assistance • Va'Leesha is not a homeowner	n/a
2	Eligible Expenses for Credits • Enter on grandmother's return	$4,000
	Taxable educational assistance • Enter on Va'Leesha's return	$6,200
3	Eligible Expenses for Credits • Enter on grandmother's return	$2,000
	Taxable educational assistance • Enter on Va'Leesha's return	$4,200

EXAMPLES: MAXIMIZING THE AMERICAN OPPORTUNITY CREDIT

Maximize when student has some eligible expenses

Cory is 30 years old and in his second year at college. He is a renter. No one can claim Cory as a dependent, and he is eligible for the American Opportunity Credit. He paid $400 for textbooks and $100 for required computer software.

Cory has $1,500 in eligible expenses for the American Opportunity Credit and no taxable scholarship income.

Choose to make $2,500 taxable to allow Cory to claim $2,500 in additional eligible expenses for the American Opportunity Credit. This allows him to claim the maximum of $4,000 of eligible expenses.

Test another option by making only $500 taxable to get $2,000 in eligible expenses. This option may be more beneficial depending on the rest of Cory's tax situation.

1. Payments received for qualified tuition and required expenses
$18,000

5. Scholarships or grants
$17,000

Form **1098-T**
Tuition Statement

NOTES

Total qualified expenses
$18,000 tuition + $500 books = $18,500

Eligible expenses and taxable scholarships
$18,500 - $17,000 = $1,500 in eligible expenses

Options to test

1	Eligible Expenses for Credits	$1,500
	Taxable educational assistance	$0
	Nontaxable educational assistance	n/a
	• Cory is not a homeowner	
2	Eligible Expenses for Credits	$4,000
	Taxable educational assistance	$2,500
3	Eligible Expenses for Credits	$2,000
	Taxable educational assistance	$500

Maximize when student's qualified expenses are less than $4,000

Jenny is 43 years old and going to college for the first time. She cannot be claimed as a dependent and is eligible for the American Opportunity Credit. She is not a homeowner. Jenny spent $100 on text books.

Jenny has taxable scholarships of $500 and no eligible expenses for the American Opportunity Credit.

Choose to make $2,700 of Jenny's scholarships taxable, which makes a total of $3,200 in taxable scholarship income on her return. This also allows her to use all of her qualified expenses as eligible for the American Opportunity Credit. Do not maximize up to $4,000 in this situation, because Jenny does not have qualified expenses at the maximum allowed amount.

Test another option by making only $2,000 taxable (total of $2,500 in taxable scholarship income). This allows Jenny to use $2,000 as eligible expenses for the credit.

1. Payments received for qualified tuition and required expenses
$2,600

5. Scholarships or grants
$3,200

Form **1098-T**
Tuition Statement

NOTES

Total qualified expenses
$2,600 tuition + $100 books = $2,700

Eligible expenses and taxable scholarships
$2,700 - $3,200 = $-500 ($500 in taxable scholarship)

Options to test

1	Eligible Expenses for Credits	$0
	Taxable educational assistance	$500
	Nontaxable educational assistance	n/a
	• Jenny is not a homeowner	
2	Eligible Expenses for Credits	$2,700
	Taxable educational assistance	$3,200
3	Eligible Expenses for Credits	$2,000
	Taxable educational assistance	$2,500

MINNESOTA TAX INFORMATION

PART-YEAR RESIDENTS AND NONRESIDENTS

A taxpayer is considered a resident for the length of time both conditions below apply:

- Lived in Minnesota for 183 or more days during the tax year, and
- Owned, rented, leased or otherwise maintained a residence (house, townhouse, condominium, apartment, mobile home, or cabin) with its own cooking and bathing facilities and which could be lived in year-round.

Full-year residents of Minnesota maintain a residence in Minnesota all year. TaxSlayer adds a full-year resident return based on the address in the personal information section of TaxSlayer.

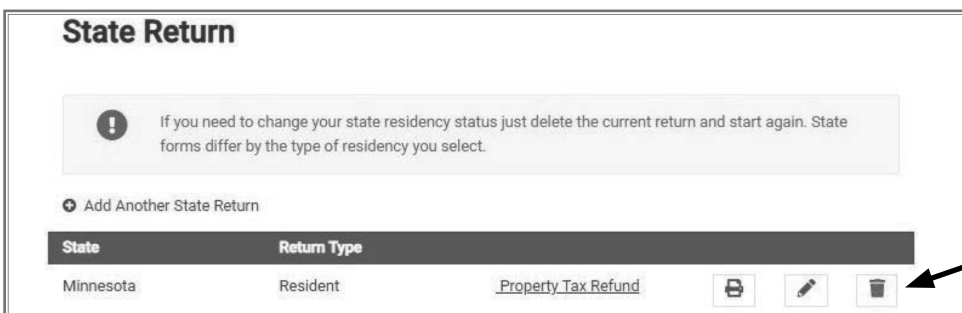
Part-year residents of Minnesota maintain a residence for part of the year by moving into or out of the state or by spending at least 183 days in the state. See Minnesota Revenue's Fact Sheet 2 for more information. In TaxSlayer, change the Minnesota return to "Part-year resident" and enter dates when the taxpayer lived in Minnesota.

Minnesota tax is based on the percentage of income earned or received while in Minnesota using Schedule M1NR. In TaxSlayer, enter income from all states in which the taxpayer resided, and advise taxpayer that the non-Minnesota state return **<u>will not</u>** be prepared by P+P. Refer taxpayer to the revenue department website of the state where the income was earned for forms and information or to a paid preparer for return preparation.

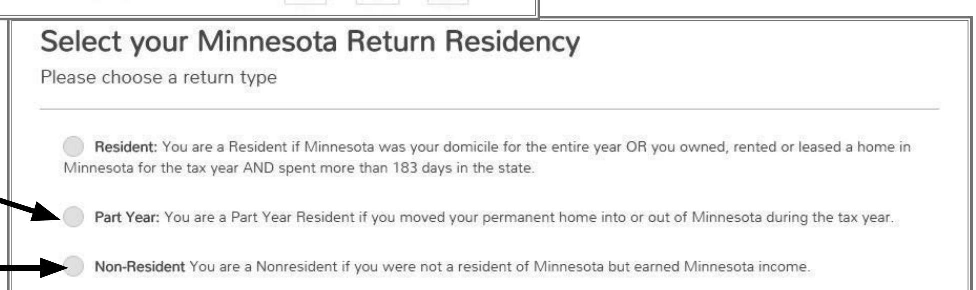
Nonresidents of Minnesota maintain a residence outside the state and did not reside in Minnesota for 183 days or more in the tax year. Nonresidents must file a Minnesota return when income earned in Minnesota is greater than $14,575. In TaxSlayer, change the Minnesota return to a "Non-resident" return. Minnesota tax is calculated on Schedule M1NR. See Minnesota Revenue's Fact Sheet 3 for more information.

Schedule M1NR

State Section



Click to delete the full-year resident return. This will delete any previous data entry in the MN return.



Click here if the taxpayer was a part-year resident of Minnesota.

Click here if the taxpayer was not a resident of Minnesota.

Select state of residency.

Enter the first day of the tax year that the taxpayer lived in Minnesota.

Enter the last day of the tax year that the taxpayer lived in Minnesota.

MINNESOTA ADDITIONS TO INCOME

ADDITIONS TO MINNESOTA INCOME

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-INT • 1099 composite • Form 1099-OID • Sch K-1	• IRS: Income page 2 • P+P: N/A	• 1040: N/A • M1: line 2 and Sch M1M lines 1 and 2 • M1PR: N/A	Basic

Overview: Interest or dividends earned on out-of-state municipal bonds must be added back to Minnesota income. The state where the bond was issued is not always clear from the tax forms. Ask the taxpayer if the excluded interest or dividends were from a Minnesota bond.

Interest and dividends on out-of-state municipal bonds and other additions are rarely seen at a VITA site. Minnesota requires several other additions to income that are unlikely to be seen at a VITA site. A full list of additions is available on Schedule M1M or in the *MN Individual Income Tax* booklet.

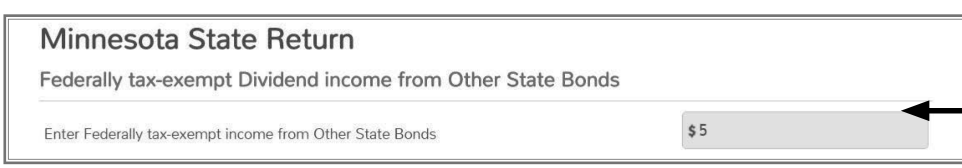
Interest on Municipal Bonds for Schedule M1M

State Section » Minnesota Return » Additions to Income » Federally tax-exempt interest income from obligations of other states

Enter the amount of interest earned on out-of-state municipal bonds.

Dividends from Municipal Bonds for Schedule M1M

State Section » Minnesota Return » Additions to Income » Federally tax-exempt dividend income from other state bonds



Enter the amount of dividends from a mutual fund with municipal bonds from another state.

MINNESOTA INCOME SUBTRACTIONS

Minnesota tax law allows some subtractions from income that are not allowed on the federal return. Subtractions are reported on Schedule M1M. If more information is needed, consult the *MN Individual Income Tax* booklet and the instructions for Schedule M1M.

Charitable contributions over $500

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records (e.g. donation statement and canceled checks)	• IRS: Expenses page 3 • P+P: Minnesota Tax Information	• 1040: N/A • M1: line 7 and Sch M1M line 11 • M1PR: N/A	Basic

Overview: Always enter charitable contributions in the federal Itemized Deductions section of TaxSlayer (see page 102). Taxpayers who do not itemize deductions may subtract 50% of their contributions over $500 on their Minnesota return. For example, a taxpayer may receive a $100 subtraction for $700 of charitable contributions.

Taxable Social Security benefits

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form SSA-1099	• IRS: Income page 2 • P+P: N/A	• 1040: N/A • M1: line 7 and Sch M1M line 12 • M1PR: N/A	Basic

Overview: Taxpayers reporting taxable Social Security benefits on the federal return can subtract that amount on the Minnesota return. TaxSlayer calculates the deduction automatically. The deduction phases out at income levels above P+P income guidelines.

Railroad Retirement Board (RRB) benefits

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form RRB-1099	• IRS: Income page 2 • P+P: N/A	• 1040: N/A • M1: line 7 and Sch M1M line 17 • M1PR: N/A	Basic

Overview: RRB benefits taxed on the federal return are not taxed by Minnesota. This will calculate automatically if RRB benefits were entered on the federal return (see pages 66 and 71 for TaxSlayer entry).

Interest or dividends on U.S. savings bonds

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-INT • 1099 composite • Form 1099-OID • Sch K-1	• IRS: Income page 2 • P+P: N/A	• 1040: N/A • M1: line 7 and Sch M1M line 14 • M1PR: N/A	Basic

Overview: U.S. bond interest is not taxable on the Minnesota return. TaxSlayer automatically calculates this subtraction based on entries in the federal section for taxable savings bond interest on the federal return.

K-12 education expenses

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records (receipts, credit card statements, canceled checks, and online statements)	• IRS: Intake page 1 • P+P: Minnesota Tax Information	• 1040: N/A • M1: line 7 and Sch M1M line 13 • M1PR: N/A	Basic

Overview: Taxpayers that meet P+P income guidelines will benefit more from the refundable K-12 Education Credit than from this subtraction (see page 154). Taxpayers may subtract expenses that they do not use for the credit. Some expenses, like private school tuition only qualify for the subtraction.

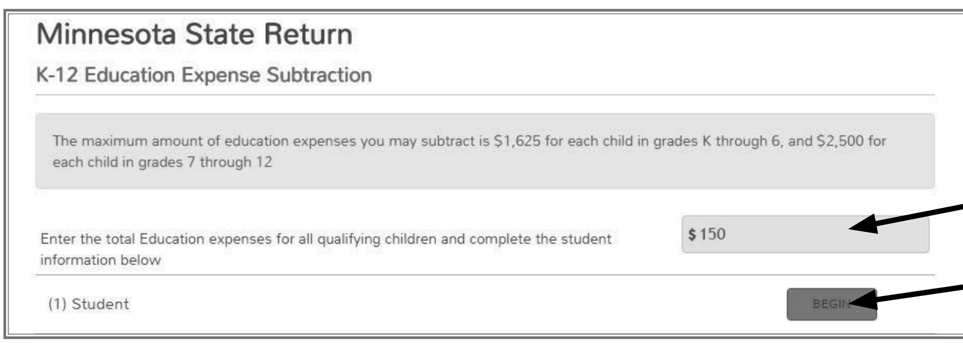
The maximum subtraction is $1,625 for students in grades K-6 and $2,500 for students in grades 7-12. TaxSlayer does not apply this limit automatically. Taxpayers must have a record of the expenses, but the documentation does not need to be present during tax preparation.

To qualify for the subtraction, the taxpayer must have purchased services or required materials to help the child's education and have a qualifying child. See page 155 for a list of qualified education expenses. The child **must** meet all the following tests:

1. Was the taxpayer's child, adopted child, stepchild, grandchild, or foster child who lived with the taxpayer in the United States for more than half the year
2. Was in grades K-12 in 2024
3. And attended a public, private, or qualifying home school in Minnesota, Iowa, North Dakota, South Dakota, or Wisconsin

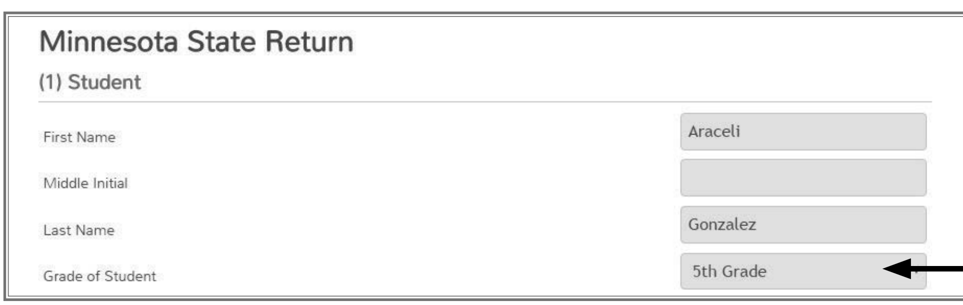
K-12 education expense subtraction

State Section » Minnesota Return » Subtractions from Income » K-12 Education Expense Subtraction



Enter the qualifying education expenses claimed for the subtraction for all students. Apply the limit based on grade level, if applicable.

Click here to add student information.



Enter qualifying student's grade, and limit expenses based on their grade level. Enter the grade attended at the end of the tax year. If a student graduated during the tax year, used the 12th grade limit.

TaxSlayer does not limit the expenses automatically. Double check that the total expenses reported on the tax return do not exceed the maximum allowed per student.

Age 65 and over or disabled

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records	• IRS: Intake page 1 • P+P: N/A	• 1040: N/A • M1: line 7, Sch M1R, and Sch M1M line 16 • M1PR: N/A	Basic

Overview: Elderly or disabled taxpayers may qualify for this subtraction, modeled after the federal credit (see page 109). It automatically calculates if a taxpayer qualifies based on being age 65 or older, but must be added if the taxpayer qualifies based on disability status[1].

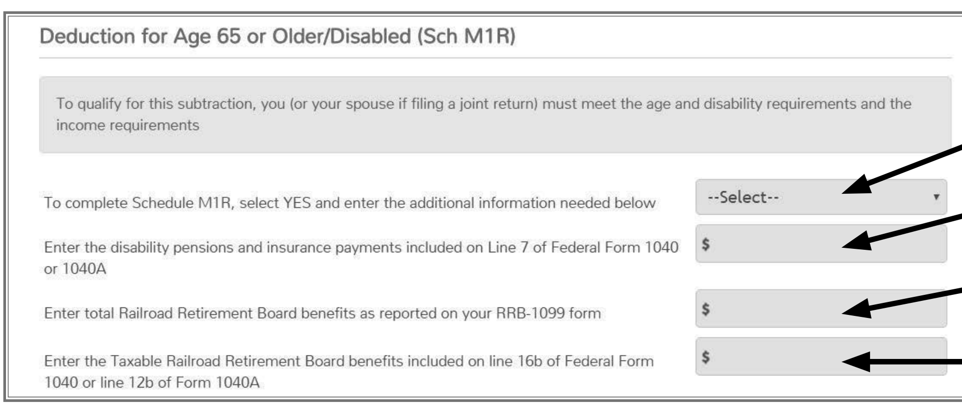
Filing Status	Form M1R Income Limits	
	AGI[2] must be less than:	Total Railroad Retirement Board benefits and nontaxable Social Security must be less than:
Single, HOH, or QSS	$33,700	$9,600
MFJ and only one spouse is 65+ or disabled	$38,500	$12,000
MFJ and both spouses are 65+ or disabled	$42,000	$12,000
MFS and taxpayer & spouse lived apart all year	$21,000	$6,000

[1] *For this credit, a taxpayer/spouse is considered disabled if:*
- *They were permanently and totally disabled by the end of 2024*
- *Received federally taxable disability income in 2024*
- *Have a physician's statement*

[2] *AGI for this purpose is federal AGI less any taxable RRB benefits.*

Deductions for age 65 or older/Disabled for Schedule M1M

State Section » Minnesota Return » Subtractions from Income » Deductions for Age 65 or Older/Disabled



If the taxpayer is disabled, select Yes.

Enter the amount of taxable disability income.

Enter total RRB benefits (tier 1 and tier 2).

Enter taxable amount of RRB benefits (tier 1 and tier 2).

Contributions to a 529 plan

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records	• IRS: N/A • P+P: Minnesota Tax Information	• 1040: N/A • M1: line 7, Sch M1M line 15, and Sch M1529 • M1PR: N/A	Basic
Overview: If a taxpayer contributes to a 529 College Savings Plan, they may be able to subtract up to $1,500 ($3,000 MFJ) on their Minnesota return. There is also a nonrefundable credit that may provide a better benefit (see page 147). Taxpayers cannot claim both the credit and subtraction.			

Contributions to a 529 plan for Schedule M1M

State Section » Minnesota Section » Subtractions from Income » Education Savings Account Contribution Subtraction

Organ donor unreimbursed expenses

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records	• IRS: N/A • P+P: N/A	• 1040: N/A • M1: line 7 and Sch M1M line 23 • M1PR: N/A	Basic
Overview: Taxpayers (or a dependent) who made an organ donation may qualify for a subtraction of up to $10,000 of expenses incurred that were not reimbursed. To be eligible, the donation must have been a living donation of all or part of a liver, pancreas, kidney, intestine, lung, or bone marrow. Unreimbursed expenses that qualify include: travel, lodging, and lost wages (minus sick pay).			

Human Organ Donation expenses

State Section » Minnesota Return » Subtractions from Income » Enter the unreimbursed expenses for travel and lodging and any lost wages less sick pay...

Military pension or retirement pay

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-R	• IRS: Income page 2 • P+P: Minnesota Tax Information	• 1040: N/A • M1: line 7 and Sch M1M line 25 • M1PR: N/A	Basic
Overview: Taxpayers may subtract taxable military retirement pensions on the Minnesota return. Look for a 1099-R issued by the Department of Defense or VA. Payments must have been for service in the active component of the military; retirement pay for services in the reserve component; or a survivor benefit plan. Minnesota also has a nonrefundable credit for past military service (see page 147). Taxpayers cannot claim the credit and the subtraction, so compare and choose the greater benefit if the taxpayer qualifies for both.			

Military Pay for Schedule M1M

State Section » Minnesota Return » Subtractions from Income » Military Pension or Other Retirement Military Pay

Income earned on an Indian reservation

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer income statements • Taxpayer records (residency and tribal enrollment verification)	• IRS: Income page 2 • P+P: N/A	• 1040: N/A • M1: line 7 and Sch M1M line 19 • M1PR: N/A	Basic

Overview: American Indians must subtract taxable income they earned while living and working on a reservation of which they are an enrolled member. Taxpayers claiming this benefit do not need to bring documentation of their right to this benefit, but should be able to show proof if audited. This is rare at P+P tax sites, but common in some areas of Minnesota. Calculations for the Minnesota Child and Dependent Care Credit depend upon this subtraction being correctly applied to eligible taxpayers.

Subtractable income earned on the reservation

The following income types are examples of what must be subtracted from Minnesota income for eligible taxpayers. IMPORTANT: this income can only be subtracted for taxpayers who live on the reservation for which they are an enrolled member and earned income while living there.

- Wages for services performed on the reservation
- Distributions of casino profits from a casino located on the reservation
- Gambling winnings won on a reservation on which the tribal member lived
- Income from a sole proprietorship (or ordinary income from a partnership or S corporation) to the extent it does business on the reservation
- Rent and royalty income from tangible property located on the reservation
- Net gain from the sale of real property or personal property located on the reservation
- Social Security to the extent that the contributions were made as a result of employment on the reservation
- Dividend income from a corporation located on the reservation
- Unemployment compensation based on employment performed on a reservation
- Pension income based on contributions due to employment on the reservation
- Military pension based on pay that was exempt from state tax because the individual entered the military while residing on the reservation
- Interest from a bank located on the reservation

If an American Indian taxpayer is required to file a federal return, a state return must also be filed, even if all or part of the income is exempt.

MN Chippewa Tribe members can exclude income regardless of which of the MN Chippewa Tribe reservation(s) they live and work on. For example, the member may live on the Leech Lake Reservation and work at White Earth. This only pertains to the following six bands: Mille Lacs (including Hinckley), Nett Lake (Bois Forte), Fond du Lac, Leech Lake, White Earth and Grand Portage. The Red Lake Band is not a part of the Minnesota Chippewa Tribe.

Red Lake members must work and live on the Red Lake Reservation in order to claim the subtraction.

Indian Reservation Income for Schedule M1M

State Section » Minnesota Return » Subtractions from Income » Indian Reservation Income

AmeriCorps education award

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-Misc • Taxpayer records (e.g. award letter)	• IRS: Income page 2 • P+P: Minnesota Tax Information	• 1040: N/A • M1: line 7 and Sch M1M line 26 • M1PR: N/A	Basic
Overview: If an AmeriCorps program post-service education award was reported as income on the federal return, the amount used to pay tuition or student loans can be subtracted on the Minnesota return. If student loan interest was deducted on the federal return, reduce the subtraction by the amount of the award used to pay deductible interest. Do not include living allowances in the subtraction.			

Income from AmeriCorps education award for Schedule M1M

State Section » Minnesota Return » Subtractions from Income » AmeriCorps National Service Program

Qualified retirement benefits

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records	• IRS: N/A • P+P: N/A	• 1040: N/A • M1: line 7, Sch M1M line 29 • M1PR: N/A	Basic
Overview: Taxpayers may subtract pension income that is taxable on the federal return and paid out as part of certain public service retirement or survivor benefits. This subtraction is only allowed for pension payments for which no credit toward Social Security benefits was earned. For example, many Public Employees Retirement Association (PERA) recipients will qualify. See the instructions for Schedule M1M for more examples of qualifying pension plans.			

Qualified Retirement Benefits Subtraction for Schedule M1M

State Section » Minnesota Return » Subtractions from Income » Total Qualified Public service-related pension payments

Other Minnesota subtractions

The following subtractions may apply to a taxpayer. Use the instructions for Schedule M1M if additional information is needed to determine if the taxpayer qualifies.

- Michigan or North Dakota reciprocity (out of scope at P+P)
- Federally taxable active-duty military pay (out of scope at P+P)
- Minnesota National Guard pay that is federally taxable (out of scope at P+P)
- Volunteer mileage reimbursement: Subtract reimbursements to the extent amounts are included in federal AGI
- Interest earned on a designated first-time homebuyer savings account. Use Form M1HOME
- Discharge/cancellation of educational loans: Subtract if included in federal AGI
- Damages received under sexual harassment or abuse claims: Subtract amounts included in federal AGI

MINNESOTA NONREFUNDABLE CREDITS

MARRIAGE CREDIT

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Intake sheet	• IRS: Intake page 1 • P+P: N/A	• 1040: N/A • M1: line 16, Sch M1C line 1, and Sch M1MA • M1PR: N/A	Basic

Overview: TaxSlayer automatically calculates this nonrefundable credit (up to $500) for MFJ filers. To qualify: both spouses must have taxable income, joint taxable income must be at least $47,000, and the lesser-earning spouse must have income of at least $30,000.

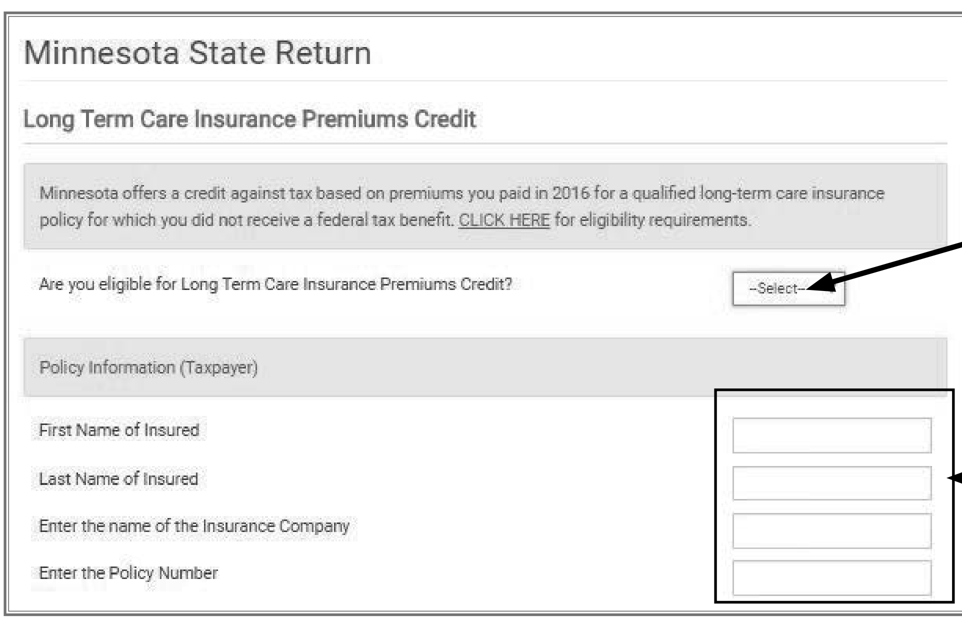
CREDIT FOR LONG-TERM CARE INSURANCE PREMIUMS

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records	• IRS: N/A • P+P: Minnesota Tax Information	• 1040: N/A • M1: line 16, Sch M1C line 2, and Sch M1LTI • M1PR: N/A	Basic

Overview: Taxpayers may be eligible to claim a nonrefundable credit for purchasing insurance to provide long-term care coverage. The maximum credit is the lesser of $100 ($200 if MFJ) or 25% of the policy premiums. The policy must have a lifetime benefit limit of $100,000 or more, and meet the qualifications to be deductible on federal Schedule A and Minnesota Schedule M1SA. The taxpayer doesn't need to itemize to claim the credit.

Long-term care insurance premiums for Schedule M1LTI

State Section » Minnesota Return » Credits » Long Term Care Insurance Premiums Credit



Enter premium amounts in the federal section of TaxSlayer (see page 100).

Select "Yes."

Enter taxpayer and policy information.

CREDIT FOR INCOME TAX PAID TO ANOTHER STATE

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records	• IRS: N/A • P+P: N/A	• 1040: N/A • M1: lines 16, 22, Sch M1C line 3, Sch M1CR, Sch M1RCR, and Sch M1REF line 5 • M1PR: N/A	Basic

Overview: There are two credits for income tax paid to another state.

Minnesota residents or part-year residents who have paid tax on the same income in both Wisconsin and Minnesota may be eligible for a refundable credit up to the amount of tax paid to Wisconsin. For income tax paid to a different state, the credit is structured the same way, but is nonrefundable.

Returns for states other than Minnesota are out of scope for P+P. If taxpayer brings a completed copy of a return for another state, complete the M1CR or M1RCR using information from that return.

Taxes paid to another state for Schedule M1CR

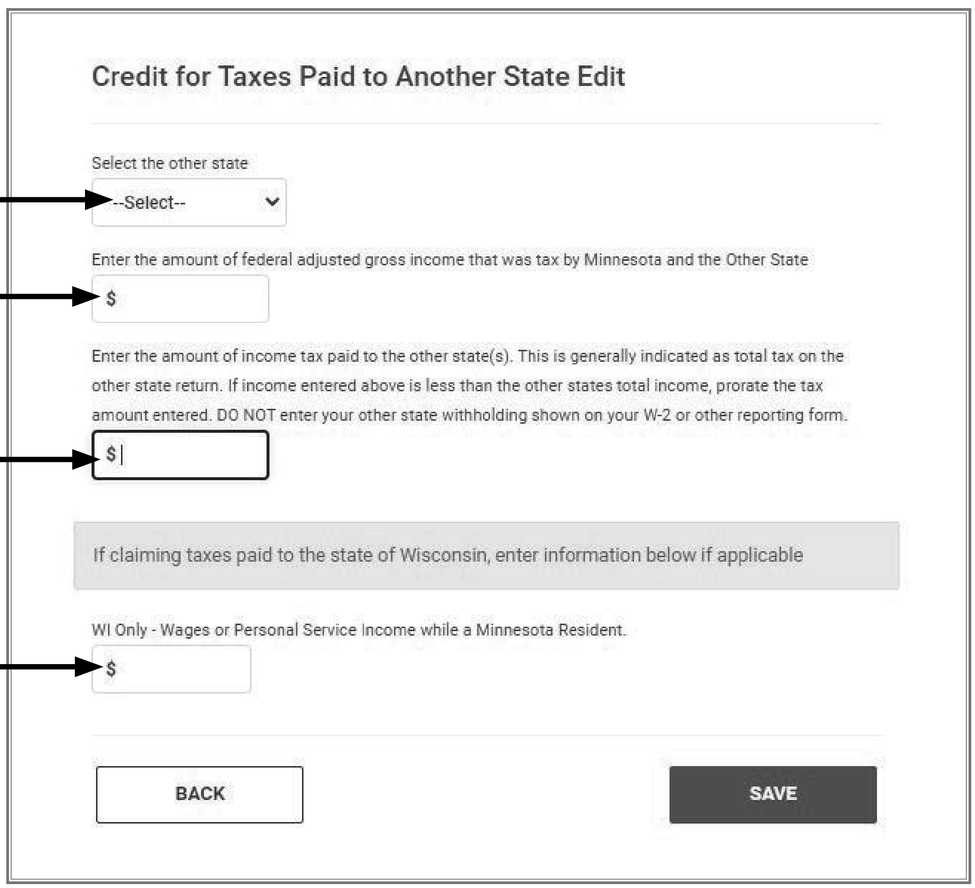
State Section » Minnesota Return » Credits » Credit for taxes paid to another state

Select other state.

Enter AGI that was taxed in both Minnesota and the other state.

Enter income tax paid to the other state.

For part-year residents, calculate the income received while a MN resident. Only include the amount taxed by WI and MN.



CREDIT FOR PAST MILITARY SERVICE

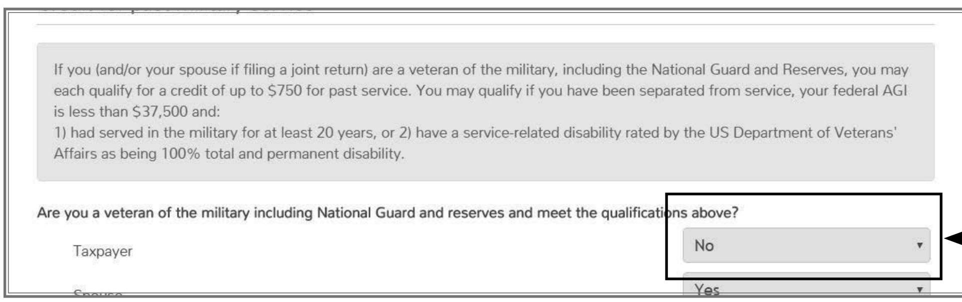
Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1099-R	• IRS: N/A • P+P: Minnesota Tax Information	• 1040: N/A • M1: line 16 and Sch M1C line 4 • M1PR: N/A	Basic

Overview: Taxpayers may be eligible for a nonrefundable credit up to $750 ($1,500 if both spouses qualify). To qualify, AGI must be less than $37,500 and the veteran must meet one of the following criteria: received honorable discharge and a military pension/retirement pay; served in the military for at least 20 years; or received a service-related disability that the US Department of Veterans Affairs rated 100% total and permanent.

Minnesota also has a military pension subtraction (see page 142). Taxpayers cannot claim both the credit and the subtraction, so compare and choose the option that provides a greater benefit to the taxpayer.

Credit for past military service

State Section » Minnesota Return » Credits » Credit for past military service



If taxpayer/spouse meets the qualifications listed, select "Yes".

EDUCATION SAVINGS ACCOUNT CONTRIBUTION CREDIT

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records	• IRS: N/A • P+P: Minnesota Tax Information	• 1040: N/A • M1: line 16, Sch M1C line 7, and Sch M1529 • M1PR: N/A	Basic

Overview: This nonrefundable credit is available to taxpayers who have made contributions to a 529 College Savings Plan. The credit is the lesser of $500 or 50% of the contributions made in the tax year. A subtraction for 529 plan contributions (see page 142) may give the taxpayer a larger benefit, and the taxpayer may not take both the subtraction and the credit.

Education Savings Account Contribution Credit

State Section » Minnesota Return » Credits » Education Savings Account Contribution Credit

CREDIT FOR ATTAINING MASTER'S DEGREE IN TEACHER'S LICENSURE FIELD

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records	• IRS: N/A • P+P: Minnesota Tax Information	• 1040: N/A • M1: line 16, Sch M1C line 8, and Sch M1CMD • M1PR: N/A	Basic

Overview: This credit is unlikely to be seen at a VITA site. Minnesota teachers who attained an eligible master's degree may be eligible for a nonrefundable credit equal to the lesser of $2,500 or the amount paid for tuition, fees, books, and instructional materials.

The degree program must have started after 6/30/17 and be completed in the current tax year. However, expenses are included for all years of study. See the instructions for Schedule M1CMD for a list of qualifying programs.

STUDENT LOAN CREDIT

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form 1098-E • Taxpayer records (account statement)	• IRS: Expenses page 3 • P+P: Minnesota Tax Information	• 1040: N/A • M1: line 16, Sch M1C line 9, and Sch M1SLC • M1PR: N/A	Basic

Overview: Taxpayers may qualify for a nonrefundable credit for making payments on their own postsecondary education loans. The credit is up to $500 ($1,000 for MFJ if both spouses qualify). The credit cannot be taken for loan payments made for someone else's education (e.g., the taxpayer's child).

To claim this credit, taxpayers need to know or get the following information:

- Total loan payments made in the tax year
- Interest paid in the tax year (Form 1098-E)
- And original loan amounts.

This information is often accessible on the loan provider's website or on paymenwt/billing statements from the end of the year.

Generally, taxpayers do not have the information needed to calculate the credit immediately available. Before asking the taxpayer to look up details about their loans, use the screening questions below.

If the answer to any of these questions is "no", the taxpayer will not be eligible for the credit:

- Does the taxpayer have earned income?
- Is there a tax liability on the Minnesota return after other credits are applied? (See 2024 Form M1, line 17.)
- Did they make student loan payments above the minimum threshold to receive the credit?
  (AGI — $10,000) X 10% = minimum threshold
  Use an estimate if exact amount paid is not known.

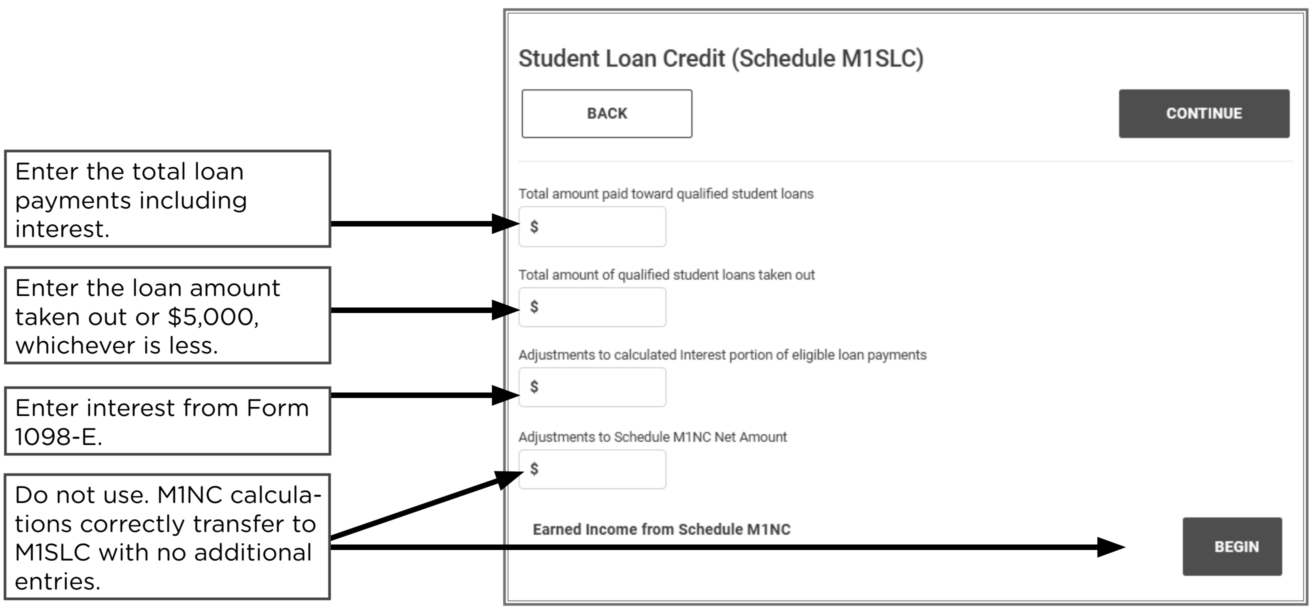
If the taxpayer believes they paid more than the minimum threshold, more detailed information on the amount paid during the year is needed to complete the credit (see examples).

Example: Charles has a Form 1098-E listing interest paid of $350. His AGI was $23,000, and he made a $135 monthly payment toward his loans. He is unsure how much he originally borrowed, but he is certain it was between $8,000-$9,000. He does not need to look up the original loan amount, because he is certain it was over $5,000. Charles has enough information to include the credit.

Example: Brenda's Form 1098-E shows $600 of interest paid. Her AGI was $34,100. She is unsure exactly how much she paid back because it varied month to month, but remembers that her last billing statement showed less than $2,000. This is less than the required payment threshold: ($34,100 - $10,000) X 10% = $2,410. She does not qualify and does not need to look up additional information.

Student Loan Credit

State Section » Minnesota Return » Credits » Student Loan Credit



MINNESOTA REFUNDABLE CREDITS

CHILD AND DEPENDENT CARE CREDIT

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Form W-2 box 10 • Taxpayer Records (e.g. day care invoice, babysitter receipts)	• IRS: Expenses page 3 and Intake page 1 for child born in tax year • P+P: Minnesota Tax Information	• 1040: line 20, Sch 3 line 2, and Form 2441 • M1: line 22, Sch M1REF line 1, and Sch M1CD • M1PR: N/A	Basic

Overview: This credit is a Minnesota version of the federal Child and Dependent Care Credit. Taxpayers can use up to $3,000 of expenses to claim a credit of up to $1,050 with one qualifying person (or $6,000 and $2,100 for two or more qualifying persons). Expenses must be entered in the federal section of TaxSlayer to transfer to the Minnesota return (see page 106).

Taxpayers who had a child born during the year qualify even if they had no expenses.

The requirements for a Qualifying Person and qualifying expenses are the same as for the federal credit (see page 106). Part-year residents, nonresidents and American Indians living on a reservation may also be eligible for this credit, but must adjust the credit based on earned income taxable in Minnesota.

The credit phases out when a taxpayer's income reaches certain limits (above P+P guidelines).

Child born in the year or licensed day care providers

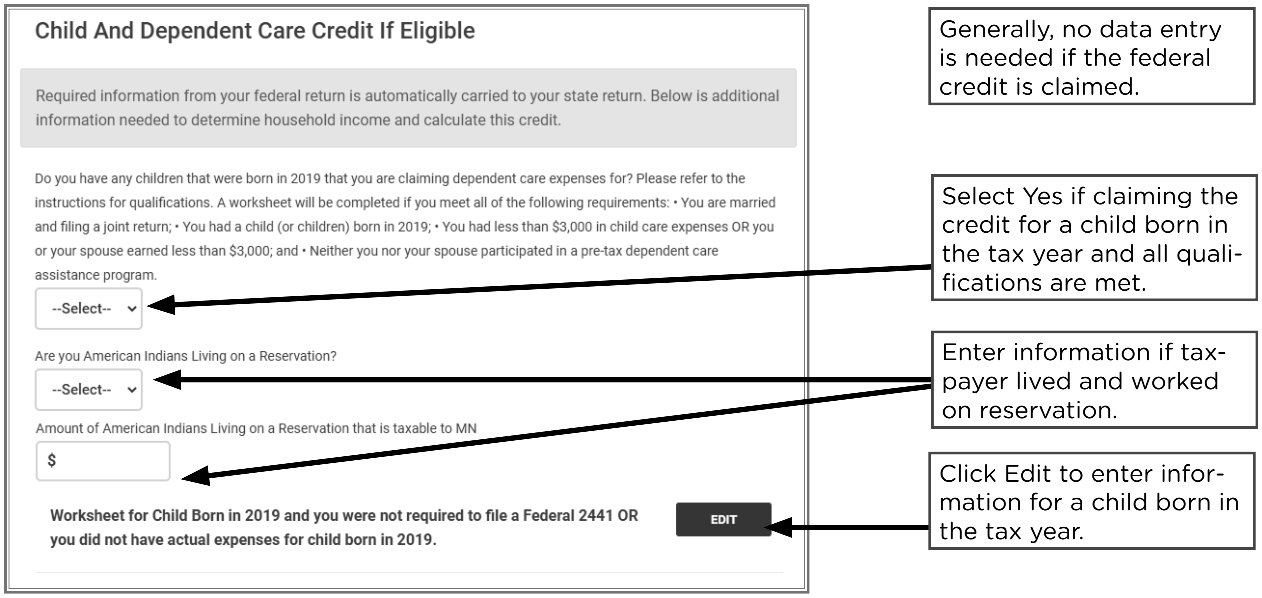
If taxpayers had or adopted a baby born in 2024, they are eligible for this credit, even if there were no child care expenses paid to a provider. Taxpayers may claim $3,000 of expenses for one child or $6,000 for twins (limited to their combined earned income).

If the taxpayer operates a day care and cares for a child of their own under age 6, they may claim a credit based on a flat rate of $3,000 for children under 16 months at the end of the year, or the rate normally charged for a child for the same number of hours (max $3,000) if the child is between 16 months and 6 years old at the end of the year.

Form 2441 (the federal Credit for Child and Dependent Care Expenses) must be completed for portions of Schedule M1CD to calculate. Additional information must be added in the state section of TaxSlayer if the taxpayer:

- Had a child born in the year
- Is a licensed day care provider claiming the credit for their own child
- Is an American Indian with earned income that is taxable in Minnesota

If a taxpayer operates a day care in the taxpayer's home, refer to 651-262-2169 to schedule an appointment with the P+P self-employment tax clinic.



CHILD AND WORKING FAMILY CREDITS (CWFC)

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Intake sheet	• IRS: Intake page 1 • P+P: N/A	• 1040: N/A • M1: line 22, Sch M1REF line 2, and Sch M1CWFC • M1PR: N/A	Basic

Overview: This is a refundable credit supporting low-income individuals and families. The credit includes a Working Family Credit component (similar to the federal EIC) and a Child Tax Credit component. Most taxpayers at VITA sites will qualify for the CWFC, including taxpayers with children who do not have earned income. Some taxpayers who do not need to file a federal return will file a Minnesota return to claim this credit.

The CWFC will be calculated automatically in TaxSlayer based on entries in the Dependent and Income sections.

NEW MN ADVANCE CHILD TAX CREDIT PAYMENTS

Starting in tax year 2024, families who qualify can opt in to receive some of their child tax credit early, in three separate payments. See more on page 153.

The Child and Working Family Credit (CWFC) is calculated in multiple parts. A taxpayer's total credit is the sum of:

- A credit based on earned income
- A credit for qualifying older children
- And the Child Tax Credit.

More information is provided on the next page about qualifications for each part of the credit. Taxpayers who do not qualify to claim the federal Earned Income Credit after disallowance are also not allowed to claim the CWFC (see page 117 for more information).

CWFC General eligibility rules

- Full or part-year resident of Minnesota during the tax year
- Investment income of less than $11,600
- Taxpayer is not a dependent of another person
- Taxpayer and any eligible children have Social Security numbers or ITINs

No qualifying children — Working Family Credit

Taxpayers with no qualifying children may claim up to $369 as part of the Working Family Credit. In addition to meeting the general eligibility rules, taxpayers must have earned income between $1 and $31,090 ($36,880 if MFJ). Also, these taxpayers must be between the ages of 19 and 64 and have their main residence in the United States for more than half of the tax year.

Qualifying children

Taxpayers are eligible for a larger CWFC when they claim qualifying children. There is no earned income requirement for the portions of the credit claimed for children. Each child will fit into an "older" or "younger" category, which determines the amount of the credit for that child.

Tests to be a qualifying child for the CWFC

- Lived with the taxpayer for more than half the year (exceptions for temporary absences, and children who were born, died, or kidnapped during the year)
- Is the taxpayer's child, stepchild, foster child, sibling (including half- or step-siblings), or a descendant of any of them
- Has a Social Security number or ITIN
- Meets age requirements at the end of the tax year:
  - Under age 18: **Minnesota Child Tax Credit**
  - Over age 17 and permanently and totally disabled: **Working Family Credit**
  - Age 18 through 23 and a full-time student: **Working Family Credit**

Qualifying younger children — Minnesota Child Tax Credit

A taxpayer can claim up to $1,750 per qualifying younger child for the Minnesota Child Tax Credit. There is no limit on the number of qualifying children for this portion of the credit.

Example: Saroeun and Todd are married and have four children in elementary school. They both worked and have income of $31,200. Saroeun and Todd will claim a CWFC of $7,350.

$369 (WFC based on earned income)
+$0 (no WFC based on qualified older children)
+$7,000 ($1,750 x 4 qualifying younger children for the MNCTC)
$7,369 total Child and Working Family Credit

Qualifying older children — Working Family Credit

A taxpayer can claim credit for up to three qualifying older children as part of the Working Family Credit. This is a set amount based on the number of children claimed.

One qualifying older child	Two qualifying older children	Three qualifying older children
$970	$2,210	$2,630

CWFC phase out

The CWFC starts to phase out at certain income levels. The total credit taxpayers are eligible for decreases gradually when income is over $31,090 for MFJ filers and over $36,880 for filers using any other filing status.

ADVANCE CHILD TAX CREDITS

Minnesota taxpayers who qualify can now opt in to receive advance payments for the state Child Tax Credit. Some key points:

Eligibility: Advance payments are only available for the state Child Tax Credit (CTC), not for the Working Family Credit portion for older dependents.

Opting in and out:

- Taxpayers can opt in when filing their 2024 state tax return. They cannot opt in with an amended return or at any point after filing.
- They can opt out or change their address or direct deposit information through a website that Minnesota Revenue will have available.

The deadline to file a state tax return and opt in to advanced payments is April 15, 2025.

Payment details:

- The amount of the total advance payments will be 50% of the amount they receive for the MN CTC on their 2024 tax return.
- The amount will be divided into three payments, which will be sent out in August, October, and December of 2025, in advance of filing 2025 taxes.

Example: Earnest and Sharon made $28,000 in 2024. They are a married couple with three qualifying children, and they will receive $5,250 of CTC as part of their 2024 state refund.

If they opt in to advance payments, they can receive:

- $2,625 (50% of their 2024 CTC amount) in three payments = $875 per payment.
- AND $2,625 (the other 50% of the CTC) when they file their 2025 tax return. (If their income goes up, they may receive less when filing next year.)

Requirements:

- Taxpayers who opt in to receive advance payments must file taxes in 2025 to reconcile their advance payments with their 2025 eligible CTC amount. Before the 2025 filing season, Taxpayers will get a tax form stating the amount of advance payments received.

Taxpayers may have to repay part or all of the advance payments if:

- They claim fewer qualifying children on their 2025 return than on their 2024 return.
- Their income goes above the phase-out limit for CTC or they don't qualify for the 2025 CTC.
  - » Minimum credit protections are in place in case a taxpayer's income increases to a point that they qualify for less than 50% of their 2024 CTC amount in 2025

Information not available when this manual went to print:

- Regarding SNAP benefits, a taxpayer's eligibility is not impacted when they receive tax credits and refunds at the time of filing their tax return. **However, opting in to recieve advance CTC payments may impact SNAP benefits.**
- The option for advance CTC payments is on Schedule M1CWFC, Minnesota Child and Working Family Credit. **TaxSlayer instructions will be provided when available.**

P+P will provide a handout for volunteers to have the conversation with customers about Advance CTC payments. This handout has a list of who is a good candidate and who may not be a good candidate. Use this to guide the conversation but remember that they will only be able to opt into the payments when filing their state taxes.

MINNESOTA K-12 EDUCATION CREDIT

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records (receipts)	• Intake page 1 • P+P: Minnesota Tax Information	• 1040: N/A • M1: line 22, Sch M1REF line 3, Sch M1ED • M1PR: N/A	Basic

Overview: This credit allows taxpayers to receive a refundable credit of up to $1,500 per qualifying child based expenses for educational materials or services for children attending grades K-12. The credit is up to 75% of the qualifying expenses.

Taxpayers do not need to have receipts with them to claim the credit. However, the credit is frequently audited, and taxpayers need to be able to access records or receipts at home. This credit requires detailed data entry in TaxSlayer (see pages 156 and 157).

Eligibility test for the K-12 Education Credit

All of the following requirements must be met:

1. **Income limit:** Federal Adjusted Gross Income (AGI) must be below $79,760 with one or two Qualifying Children. The income limit increases by $3,000 for each additional child.
2. **Filing status:** Filing status cannot be MFS.
3. **Qualifying child:** The child must be the taxpayer's child, descendent, sibling, niece, or nephew who is enrolled in grade K-12. The child must have lived with the taxpayer for more than half the year and not be claimed as a dependent by another person.
4. **Qualifying expenses:** Expenses must be for education-related materials for use during the regular school day, fees for after-school enrichment programs, or tutoring by a qualified instructor. See page 155 for a detailed list of qualifying expenses.

Form M1EDA for K-12 Education Credit loans

Taxpayers may get their K-12 credit in advance as a loan from a financial institution or nonprofit lender (e.g., Minnesota Afterschool Advance). The loan allows families to pay for qualifying expenses at the time they are incurred instead of waiting for reimbursement from the tax credit.

Taxpayers and their lender fill out Form M1EDA, *Assignment of Tax Refunds* before the tax year ends. If a taxpayer used Form M1EDA, **include Schedule M1ED on the return to claim the K-12 Education Credit, but no other special entries are needed during tax preparation.** A portion of the Minnesota income tax refund will automatically be sent to the lender as a loan repayment.

Qualifying expenses for the K-12 Education Credit and Subtraction	
Enrichment or academic classes taken outside the regular school day or school year	• Fees for after-school enrichment programs*, such as science exploration and study habits courses. • Tuition for summer camps* that are primarily academic in focus, such as language or fine arts. Do not include expenses paid for food, lodging, or transportation. • Instructor fees for drivers' education course if the school offers a class as part of the curriculum. • Fees for all-day kindergarten (unless expenses are used for the Child and Dependent Care Credit). • Taxpayers cannot deduct fees paid for sports or related camps or lessons.
Individual instruction	• Tutoring* • Music and dance lessons* — do not include expenses paid for costumes, shoes, props, or travel.
Required school materials	• Purchases of required educational materials (textbooks, paper, pencils, notebooks, rulers, etc.) for use during the regular public, private or home school day. • Tennis shoes purchased exclusively for physical education class. • Expenses paid for field trips, including entrance fees to exhibits. • Taxpayers cannot deduct expenses for a program that teaches religious beliefs. • Taxpayers cannot deduct payments for books and materials used for tutoring, enrichment programs, academic camps, or after-school activities. • Taxpayers cannot deduct the cost of school lunches, backpacks, or uniforms.
Musical instruments	• Purchase or rental of musical instruments used during the regular school day. • Purchase of reeds required for the musical instruments.
Transport costs paid to others	• Fees paid to others for transportation to/from school or to/from field trips taken during the normal school day, if the school is located in Minnesota, Iowa, North Dakota, South Dakota or Wisconsin. • Taxpayers cannot deduct costs for the taxpayer to drive their child to/from school, tutoring, enrichment programs or camps that are not part of the school day. • Taxpayers cannot deduct travel expenses, lodging, and meals for overnight class trips.
Computer hardware or educational software	• Up to $200 of expenses for software and computer hardware purchased for educational use in the taxpayer's home can be used to qualify for the credit, and an additional $200 can qualify for the subtraction. For example, the taxpayer purchased a computer for $550. Use $200 for the credit and $200 for the subtraction (see page 140). The remaining $150 computer expense is not allowed for the credit or the subtraction. • Taxpayers cannot deduct monthly internet fees.
Education subtraction only: Private school tuition and tuition for college courses that are used to satisfy high school graduation requirements.	

Must be taught by a* ***qualifying instructor**. A qualifying instructor* ***cannot*** *be the child's sibling, parent, or grandparent. Qualifying instructors must meet one of the following requirements:*

- *A Minnesota licensed teacher or directly supervised by a Minnesota licensed teacher*
- *Teaches in an accredited private school*
- *Has a baccalaureate degree*
- *Is a member of the Minnesota Music Teachers Association*

Using the K-12 Credit and Subtraction

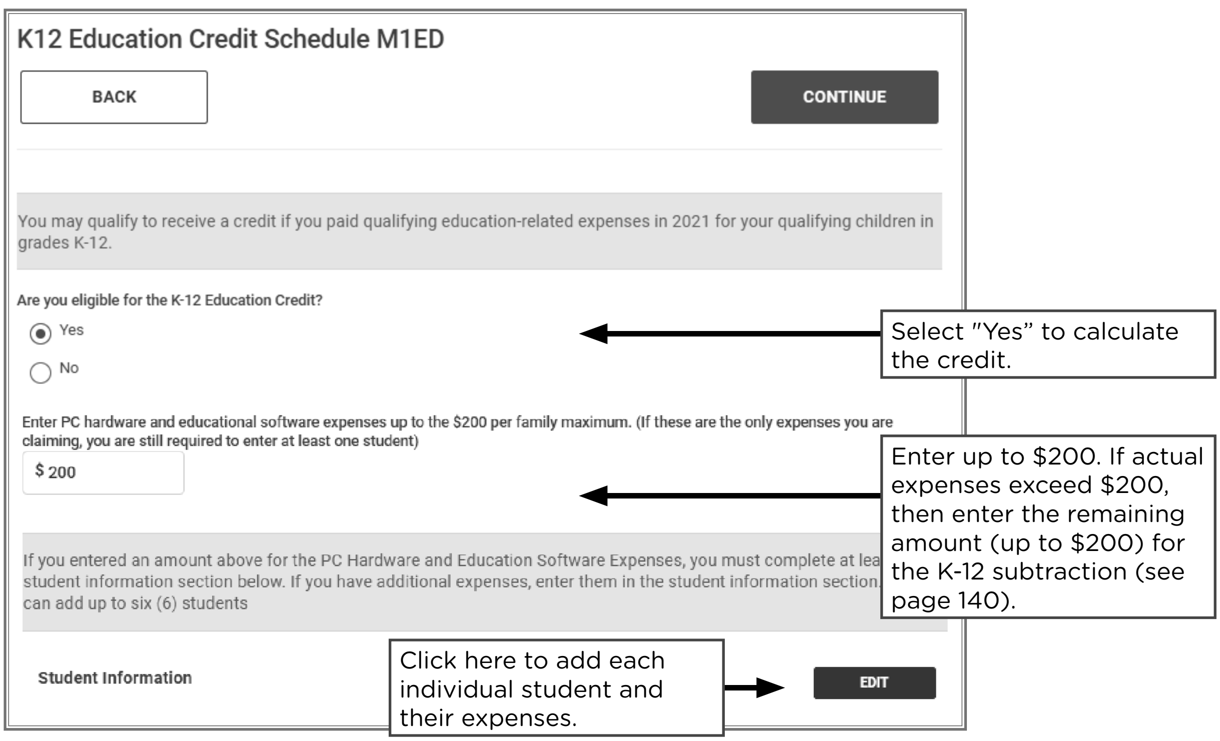
Taxpayers may claim the K-12 Education Subtraction (see page 140) for expenses that are not used for the credit. This may be for expenses that cannot be used to claim the credit, like private school tuition. It can also be an amount that is unused because the taxpayer's expenses exceed the maximum allowed for the credit (amounts above $2,000).

Example: Christy qualifies for the K-12 Education Credit for her son, Jackson. He had a total of $2,300 in expenses for piano lessons and a reading tutor. Christy can claim the full credit based on $2,000 of expenses and use the remaining $300 to claim the K-12 subtraction.

Example: Dorian purchased a computer for $670 for his daughter to use for homework. He can use a maximum of $200 of this expense for the credit. He can use another $200 for the subtraction (see page 140). The remaining $270 of computer expense is not allowed for the credit or the subtraction.

K-12 Education Credit for Schedule M1ED

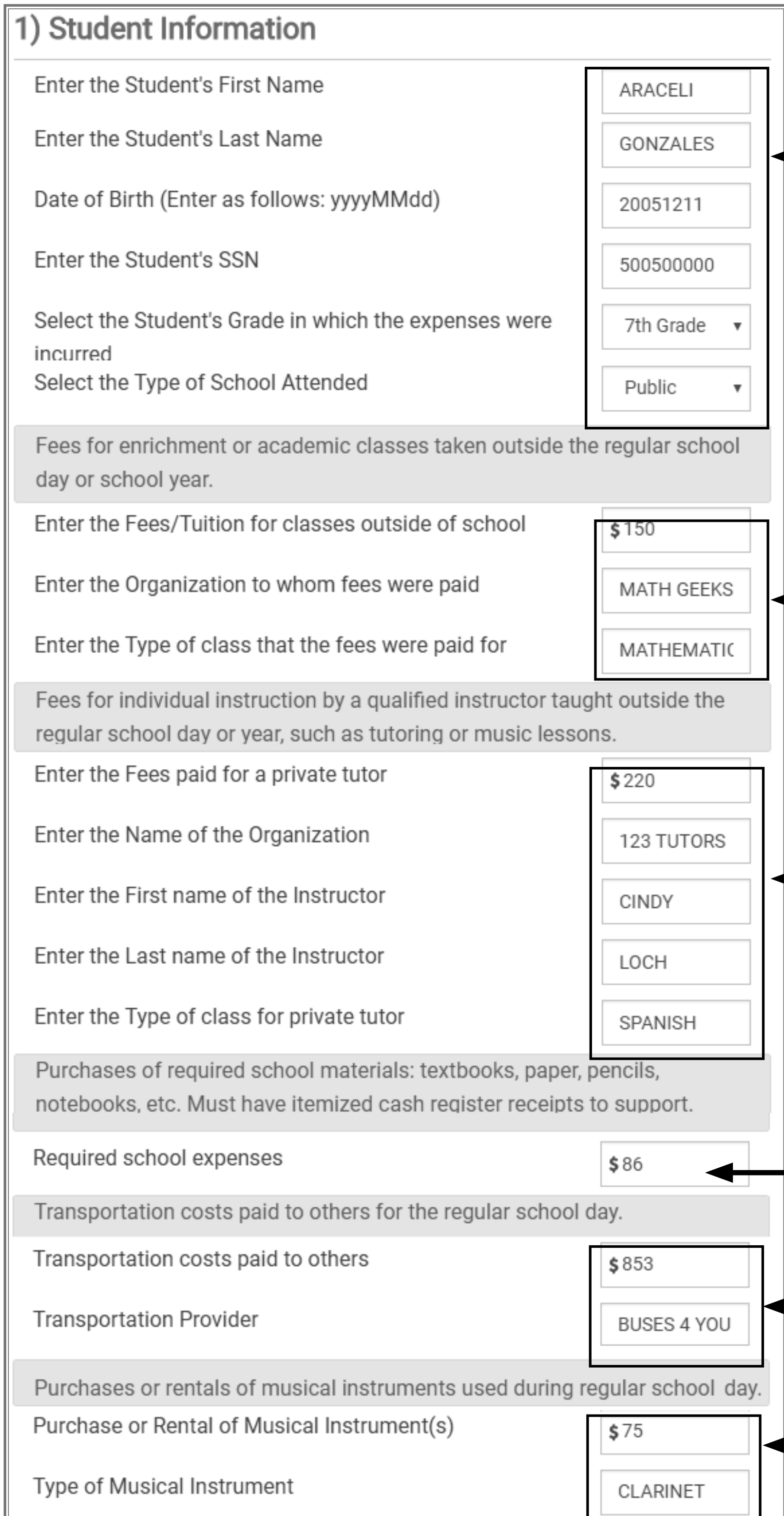
State Section » Minnesota Return » Credits » K-12 Education Credit



The K-12 Education Subtraction and Credit are highly audited. If audited, the taxpayer must provide receipts, invoices, or canceled checks to document the expenses claimed. If the credit is claimed fraudulently, the taxpayer will be assessed a penalty.

Student information for Schedule M1ED

State Section » Minnesota Return » Credits » K-12 Education Credit » Student Information



1) Student Information

Enter the Student's First Name	ARACELI
Enter the Student's Last Name	GONZALES
Date of Birth (Enter as follows: yyyyMMdd)	20051211
Enter the Student's SSN	500500000
Select the Student's Grade in which the expenses were incurred	7th Grade
Select the Type of School Attended	Public

Fees for enrichment or academic classes taken outside the regular school day or school year.

Enter the Fees/Tuition for classes outside of school	$ 150
Enter the Organization to whom fees were paid	MATH GEEKS
Enter the Type of class that the fees were paid for	MATHEMATIC

Fees for individual instruction by a qualified instructor taught outside the regular school day or year, such as tutoring or music lessons.

Enter the Fees paid for a private tutor	$ 220
Enter the Name of the Organization	123 TUTORS
Enter the First name of the Instructor	CINDY
Enter the Last name of the Instructor	LOCH
Enter the Type of class for private tutor	SPANISH

Purchases of required school materials: textbooks, paper, pencils, notebooks, etc. Must have itemized cash register receipts to support.

Required school expenses	$ 86

Transportation costs paid to others for the regular school day.

Transportation costs paid to others	$ 853
Transportation Provider	BUSES 4 YOU

Purchases or rentals of musical instruments used during regular school day.

Purchase or Rental of Musical Instrument(s)	$ 75
Type of Musical Instrument	CLARINET

Enter TIN, name, date of birth, student's grade, and type of school attended for up to three qualifying students.

Enter amount(s) paid per student for academic classes, organization's name, and type of class.

Enter amount paid per student for individual instructor, instructor's name, and type of class.

Enter amount paid per student for school supplies.

Enter amount paid per student for transportation costs and provider's name.

Enter amount paid per student for rental or purchase of musical instruments and type of instrument.

The maximum credit per child is $1,500 (based on 75% of expenses). Excess expenses not used for the credit can be entered for the K-12 Education Subtraction (see page 140).

PARENTS OF STILLBORN CHILDREN CREDIT

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Taxpayer records	• IRS: N/A • P+P: Minnesota Tax Information	• 1040: N/A • M1: line 22, Sch M1REF line 4, Sch M1PSC • M1PR: N/A	Basic

Overview: Parents who experienced a stillbirth in Minnesota are eligible for a $2,000 refundable tax credit. This topic is very sensitive and deserves the utmost respect when talking with the taxpayer.

To claim the credit, the parent(s) must have:

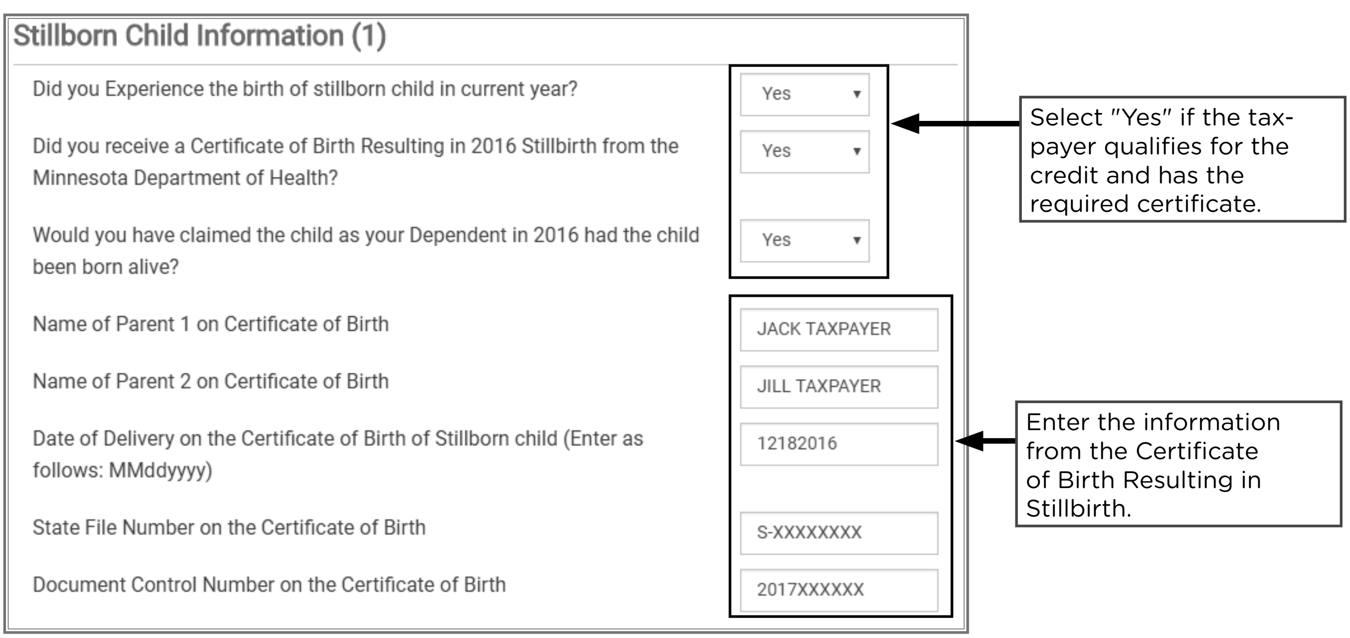
- Experienced a stillbirth in Minnesota during the tax year,
- Requested and received a Certificate of Birth Resulting in Stillbirth from the Minnesota Department of Health, Office of Vital Records, and
- Been eligible to have claimed the child as a dependent if the child had been born alive.

The taxpayer will need the State File Number and Document Control Number from the Certificate of Birth Resulting in Stillbirth. If they do not have a certificate, they can get information from the Office of Vital Records at 651-201-5970, or at www.health.state.mn.us/people/vitalrecords/stillbirth.html.

If the taxpayer does not have the certificate, prepare and review the return without the credit. Do not e-file the return, but add a note in TaxSlayer stating, “More info needed to complete M1PSC”. The taxpayer should call 651-262-2167 with the certificate information to complete their return.

Parents of Stillborn Children Credit for Schedule M1PSC

State Section » Minnesota Return » Credits » Credit for Parents of Stillborn Children » Stillborn Child Information



RENTER'S CREDIT

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Certificate of Rent Paid (CRP) • Rent Paid Affidavit (RPA)	• IRS: N/A • P+P: Renters only	• 1040: N/A • M1: line 22, Sch M1REF line 4, Sch M1RENT • M1PR: N/A	Basic
Overview: Renters may be eligible for a refund based on their rent that went toward paying property taxes, and their Federal AGI (minus qualifying subtractions). The maximum refund is $2,640. Taxpayers must have all of their Certificate of Rent Paid (CRP) forms. If a taxpayer did not receive a CRP, they can get a Rent Paid Affidavit (RPA) from Minnesota Revenue. There are significant changes in tax year 2024 to the Renter's Credit detailed below.			

Renter's Credit: What's new

Starting in tax year 2024, the renter's credit will change from a stand-alone filing on form M1PR to a refundable credit filed on form M1RENT. Schedule M1RENT will now be included in the state income tax return. This means that:

- The refund for renters will be included as part of the state refund
- Renters will no longer receive a separate refund in the summer. The Renter's Credit will be part of the state refund, sent out shortly after filing.
  (Both of the above apply if someone is only filing for the renter's credit)
- To file a complete state return, taxpayers must have all of their CRP forms with them, otherwise they will have to file an M1X state amendment form.
- Filing deadlines for the Renter's Credit is now the same as the state return.
  - » The deadline to claim a refund for the 2024 state return is April 15, 2028. (The deadline to claim the Renter's rebate and M1PR for 2023 is still August 15 of 2025.)

In addition to the changes above, the Renter's Credit is now based on Federal Adjusted Gross Income (AGI) minus certain subtractions. This means:

- Taxpayers do not have to have any Federal AGI to qualify for this credit.
- Nontaxable income sources are no longer a part of the Renter's Credit, such as SSI, MFIP, scholarships, worker's compensation, nontaxable Social Security Benefits, and all other sources (see page 173).
- And there is no longer a need for an explanation if the rent paid is greater than income reported.

Rental property owners are now required to submit CRP forms electronically They must use e-Services, an online filing and payment system found on the Minnesota Revenue website to create and submit all Minnesota CRPs.

Process for missing CRPs:

With the credit now being a part of the state return, if a taxpayer does not bring all of their CRPs at the time of their tax appointment, they will have to file a state amendment on Form M1X. This will have to be paper-filed and will significantly delay getting their full Renter's Credit.

For more options and guidance on how P+P will handle customers who don't have all their CRPs, see 162.

Taxpayers can still receive the 2023 Renter's Rebate!

The 2023 Renter's rebate is unaffected by the changes to the 2024 renter's credit. The prior year version is still on form M1PR. It's still based on total household income, including SSI, state benefits programs like MFIP, nontaxable scholarships, and many more.

The 2023 M1PR for homeowners or renters is due by August 15, 2025.

To qualify for the Renter's Credit, a taxpayer must:

1. **Have household income of less than $75,390 in 2024**
2. **Not qualify as a dependent**

   Dependents do not qualify even if the person entitled to claim the dependent chooses not to do so. See page 51 for Qualifying Child definition and page 54 for Qualifying Relative definition.
3. **Resided in a rental unit(s) that was subject to property taxes**

   Owners of buildings that are exempt from property tax (e.g., college dormitories and non-profit nursing homes) do not issue CRPs, and these renters do not qualify for the credit.
4. **Paid all or part of the rent from taxpayer's own funds**

   When rent is paid by a person or organization other than the taxpayer, the money must be given to the taxpayer before being paid to the landlord to qualify the taxpayer for the renter's credit. If the total rent for the year was paid directly to the landlord, and the taxpayer did not control the funds, the taxpayer does not qualify.

Married Couples and the M1RENT

- **If Married filing jointly,** they must file the M1RENT jointly.
- **If Married Filing Separately** and they lived together for all or any part of the year:
  - Only one of them can file the M1RENT for the time they lived together.
  - They must use the income from both spouses for the amount of time they lived together in 2024.
- **If they did not live together** at all in 2024, they can each file their own Renter's Credit.

SUBTRACTIONS FROM INCOME: M1RENT

Taxpayers may lower their household income and thus often increase their amount of credit by claiming these qualifying subtractions for Form M1RENT:

Age 65 or older: $5,050 subtraction[1] for taxpayer or spouse. TaxSlayer calculates the subtraction automatically.

A person with a disability: $5,050 subtraction[1] for taxpayer or spouse. See page 171 for the M1PR disability definition and TaxSlayer data entry instructions.

Claiming dependents: Subtraction amount determined by number of dependents. TaxSlayer calculates this subtraction automatically.

[1] Taxpayers may take a subtraction for age or disability status, but not both. If MFJ, the maximum subtraction for age and disability status is $5,050, even if both spouses qualify.

RENTER SITUATIONS

Taxpayer lives with an adult dependent, and the taxpayer pays all of the rent: The landlord may issue one CRP to the taxpayer and one to the dependent. The taxpayer can claim the amounts from both CRPs. Combine the rent from both CRPs and enter as one CRP in TaxSlayer.

Taxpayer lives with and files jointly with a spouse: The landlord should issue one CRP to each taxpayer. Combine the rent from both CRPs and enter as one CRP in TaxSlayer. See page 170 for more Form M1PR situations for married taxpayers.

Taxpayer rented two units and paid rent for both units: The taxpayer cannot claim rent for more than 12 months. The amount of rent paid should be prorated based on when the taxpayer actually lived in each of the units.

Entering CRPs with overlapping dates in TaxSlayer:

1. Determine where the taxpayer lived
2. Enter only the dates the taxpayer actually lived in each unit
3. Prorate the reported rent paid based on the number of days lived in each unit

Example: Terry has two CRPs that overlap by 5 days in April. They started paying rent for their new unit while still living in their old unit. The CRP shows they paid $600 per month at each place. Terry cannot use the payments for the overlapping time for the credit.

Divide the rent paid by the number of days in the month:
$600/30 days = $20 per day

Calculate the amount of rent at the new unit that should not be claimed:
5 days X $20 per day = $100

Reduce the amount of rent paid on the CRP for the new unit by $100.

Taxpayer and/or spouse were part-year residents: Use only household income received while taxpayer and/or spouse lived in Minnesota. A part-year resident MN return is required. (This is different for homeowners.)

Parent/guardian pays their child's off-campus rent: If the child is a dependent on the parent's return, neither the parent nor the child qualifies to claim the property tax refund.

Taxpayer paid rent for a garage or storage unit: The amount is included if the additional spaces are a part of the rental agreement.

Mobile homeowners will receive a CRP for the lot rental.

- If they own their mobile home they cannot use Form M1RENT to file.
- They must file the Form M1PR using both the CRP and the property tax statement (usually sent out in June).
- They must follow the same rules and procedures as homeowners.
- Taxpayers cannot file the CRP separately on form M1RENT.

CERTIFICATE OF RENT PAID (CRP)

The Renter's Credit section of the M1 is completed using a CRP issued by the landlord. It should be provided by January 31. A CRP details the rent paid in the calendar year and basic information about the rental unit.

If **more than one renter lives in the unit**, each renter receives a CRP and the rent is split equally regardless of the actual amount paid by each renter. Each renter files separately using their own income and CRP, unless the renters are married or one is a dependent of another.

If a **CRP has incomplete information,** a property identification number or landlord's information can often be found on the county's website using the property information search. Rent paid cannot be found online. The taxpayer may provide a landlord's phone number if it is missing.

Missing CRP

Taxpayers who do not receive a CRP by January 31 should contact the rental property owner to request it. If the rental property owner refuses to issue a CRP, the taxpayer can get a Rent Paid Affidavit (RPA) from Minnesota Revenue after March 1. Taxpayers using an RPA must paper-file the M1 to receive the Renter's Credit.

When a customer attends their appointment without all of their CRPs, here are the possible steps we can take:

- **If they forgot their form,** they should return with their CRP before completing the filing.
- **If they haven't received their CRP *before* Jan. 31**, they should return when they receive any missing CRPs and finish filing at that point.
- **If they haven't received their CRP *after* Jan. 31,** they have two choices:
  - Decide to return to finish their taxes when they have all the forms.
  - Or Finish as is and contact Prepare + Prosper to file a state amendment when they have all their CRPs.
- **If they have to get a Rent Paid Affidavit** or are having difficulty getting their CRPs, finish the return and give them an amendment handout to send in the form when available.

Residents of Nursing Homes, Adult Foster Care, Intermediate Care, Assisted Living, or Group Home Facilities

Taxpayers who receive a CRP from one of the facilities listed above, with have a checkbox indicating it at the top.

If the property where they reside is tax exempt, they do not qualify for the credit and will not receive a CRP.

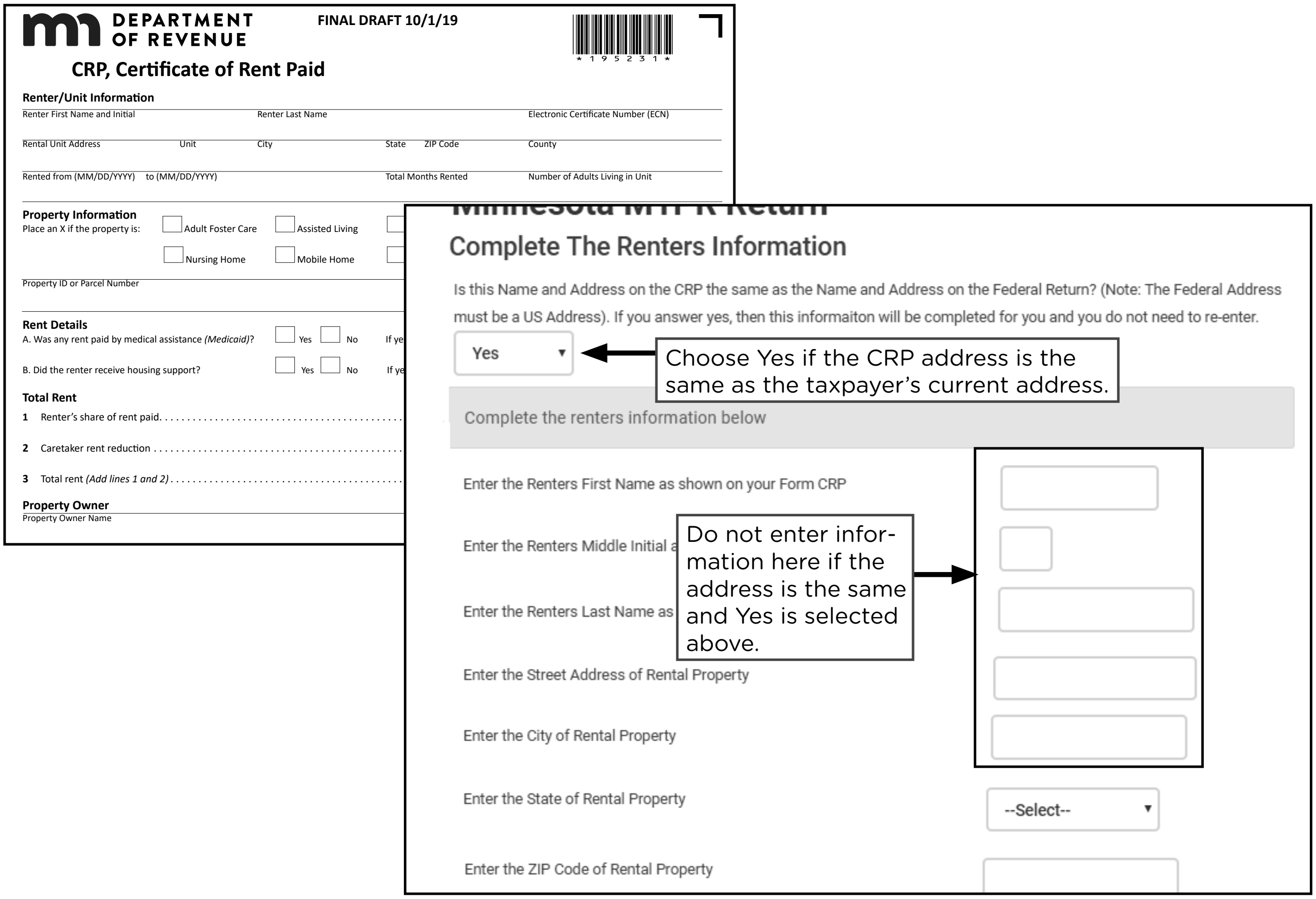
Anyone who lives in one of these facilities and received Minnesota Housing Support (formerly GRH) or Medical Assistance to help pay their rent must complete additional steps to determine the amount of the credit they qualify for. For anyone in this situation, if their only income was from SSI, MSA, MA, or Minnesota Housing Support, they do not qualify for the credit.

It's possible to look up a Property Identification (ID) number or landlord's address on a county website. If a landlord's phone number or address is missing, the taxpayer may have this information. Rent paid cannot be found online, and if rent is incorrect on the CRP, the taxpayer should get a corrected form.

Entering renter's information from a CRP

State Section » Property Tax Refund » Edit » Pencil » Complete your MN Property Tax Rebate » Enter Form MN-CRP received » Complete Renter's Information

At the time this manual went to print, it was unknown what the new CRP would look like, or what changes would take place in TaxSlayer for tax year 2024. P+P will provide information.



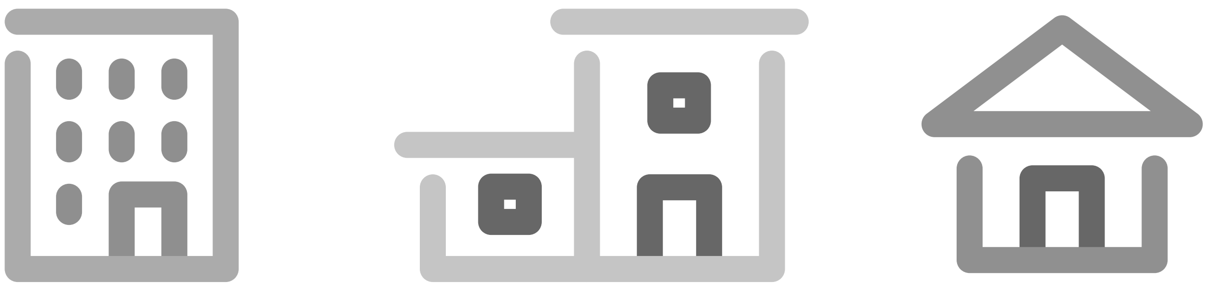
SHOULD I FILE FORM M1PR OR SCHEDULE M1RENT?

Use the table below to determine if the taxpayer should file Form M1PR, Schedule M1RENT, or both based on their living situation. *(We hope this table is helpful; it's repeated on page 171)*

If they...	File Form M1PR	File Schedule M1RENT
Lived in a rental unit for all of 2024		X
Owned and lived in a home on January 2, 2025	X	
Rented during 2024 and then owned and lived in their home on January 2, 2025	X	X
Received a CRP from a nursing home, adult foster care provider, intermediate care, assisted living, or other health care facility		X
Owned and lived in a mobile home on January 2, 2025, and paid rent for the property on which it is located	X	

HOMESTEAD CREDIT REFUND

(Form M1PR)



HOMESTEAD CREDIT REFUND

New in tax year 2024! Form M1PR is now only used to file homeowners and mobile homeowners property tax refunds. The renter's credit is now filed on form M1RENT. Most of the changes to the renter's credit do not apply to the homeowner's property tax refund.

The property tax refund is still based on total household income. Most nontaxable income sources must be added to the Federal AGI (see page 172). Refunds are still processed and sent out in late summer/early fall. Final deadline for the 2024 M1PR is August 15, 2026. Homeowners and mobile homeowners can still utilize the *Homeowner/Mobile Homeowner Handout* for P+P to file later if we are unable to file the Federal and state at their appointment.

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Property Tax Statement	• IRS: N/A • P+P: Renters/ Homeowners + K-12 Education Credit Only	• 1040: N/A • M1: N/A • M1PR: final refund line 20	Basic
Overview: Homeowners may be eligible for a refund of up to $3,410 based on their household income in the tax year and their property taxes in the following year. The 2024 property tax refund is based on the 2025 property tax statement. Counties usually make the statements available online in mid-March in addition to sending them via mail.			

To qualify for the Homestead Credit Refund, a taxpayer must:

1. **Have household income of less than $139,320 in 2024**
2. **Not qualify as a dependent**: Dependents do not qualify even if the person entitled to claim the dependent chooses not to do so. See page 51 for Qualifying Child definition and page 54 for Qualifying Relative definition.
3. **Own and occupy a home on January 2, 2025:** If temporarily absent on January 2, the taxpayer is still considered an occupant. Acceptable temporary absences include medical issues, job assignments, or travel.
4. **Have homestead classification for 2025:** Residential homestead status is required. If the taxpayer does not have homestead classification, refer them to the county assessor's office to learn about applying. Taxpayers with an application approved by December 31, 2025 may still qualify for the 2024 refund. Relative homestead status does not qualify the occupant or owner for the credit.
5. **Not owe delinquent property tax on the homestead:** If a Property Tax Statement shows delinquent taxes are owed, but the taxes have been paid, or the taxpayer has signed a Confession of Judgment and is current on payments, paper-file Form M1PR, including documentation from the county with the return.

HOMEOWNER SITUATIONS

Taxpayer's home is foreclosed on in 2024. The financial institution who had a lien against the property becomes the owner. Even if the financial institution allows the taxpayer to continue living in the home, the taxpayer does not qualify.

Taxpayer/spouse was a part-year resident. Enter total household income from all states for 2024. (This is different from the rules for renters.)

Taxpayer lives in a co-op. Residents of co-ops are considered homeowners. They receive a property tax statement from the co-op management that allocates a portion of the taxes to them.

CO-OWNERS AND CO-OCCUPANTS

Taxpayer and another person (not a spouse) own and occupy a home as co-owners. Only one person can file Form M1PR. Include the other owner's income for the period that they lived in the home in 2024. In TaxSlayer, use the Co-Occupant Worksheet (see worksheet below).

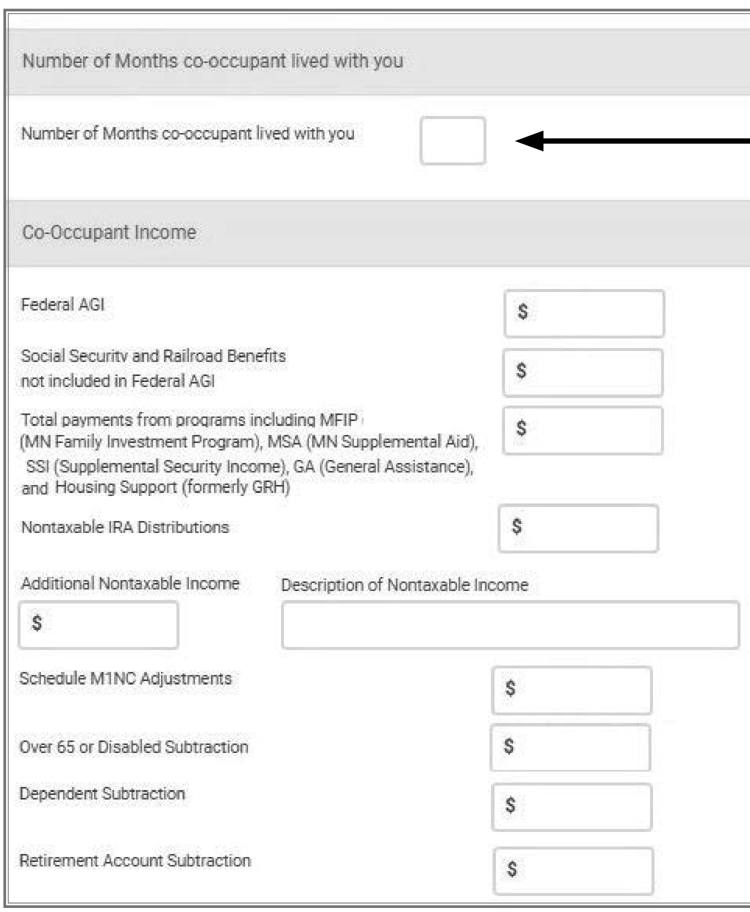
Someone other than the spouse lived with the taxpayer. Include income of any other person living with the taxpayer (except boarders, renters, dependents, parents or spouse's parents) for the period of time they lived in the home with the taxpayer. Only include a parent's income if the parent lives with the taxpayer and is a co-owner (see worksheet below).

Two or more people own the home, but not all owners reside in the home. The owner that lives in the home is the only person qualified for the Homestead Credit Refund and is not required to include the non-occupant owners' income on the return.

Two or more people own and occupy separate sections of a multiple family dwelling. Each person who owns and occupies a unit in the multiple dwelling can file for the Homestead Credit Refund using their own income and a proportionate share of the property tax paid (calculated based on the percentage of the dwelling owned and occupied). Paper-file and attach a statement describing the multiple family dwelling and the reason for splitting the property taxes.

Co-Occupant Worksheet

State Section » Property Tax Refund » Edit » Pencil » Enter your total Household Income » Co-occupant Worksheet entries



Enter number of months that the co-occupant lived with the taxpayer.

Enter income based on the number of months the co-occupant or co-owner lived with the taxpayer.

MOBILE HOMEOWNERS

Taxpayers who live in a mobile home generally own the mobile home and rent the lot on which it is located. Taxpayers need a CRP for the lot rental and a 2025 Property Tax Statement for the mobile home. Form M1PR cannot be filed for mobile homeowners without both forms. They cannot choose to file as a renter with only the CRP for lot rental — **Do NOT** file only the CRP on form M1RENT. (See more in the call-out box on page 161).

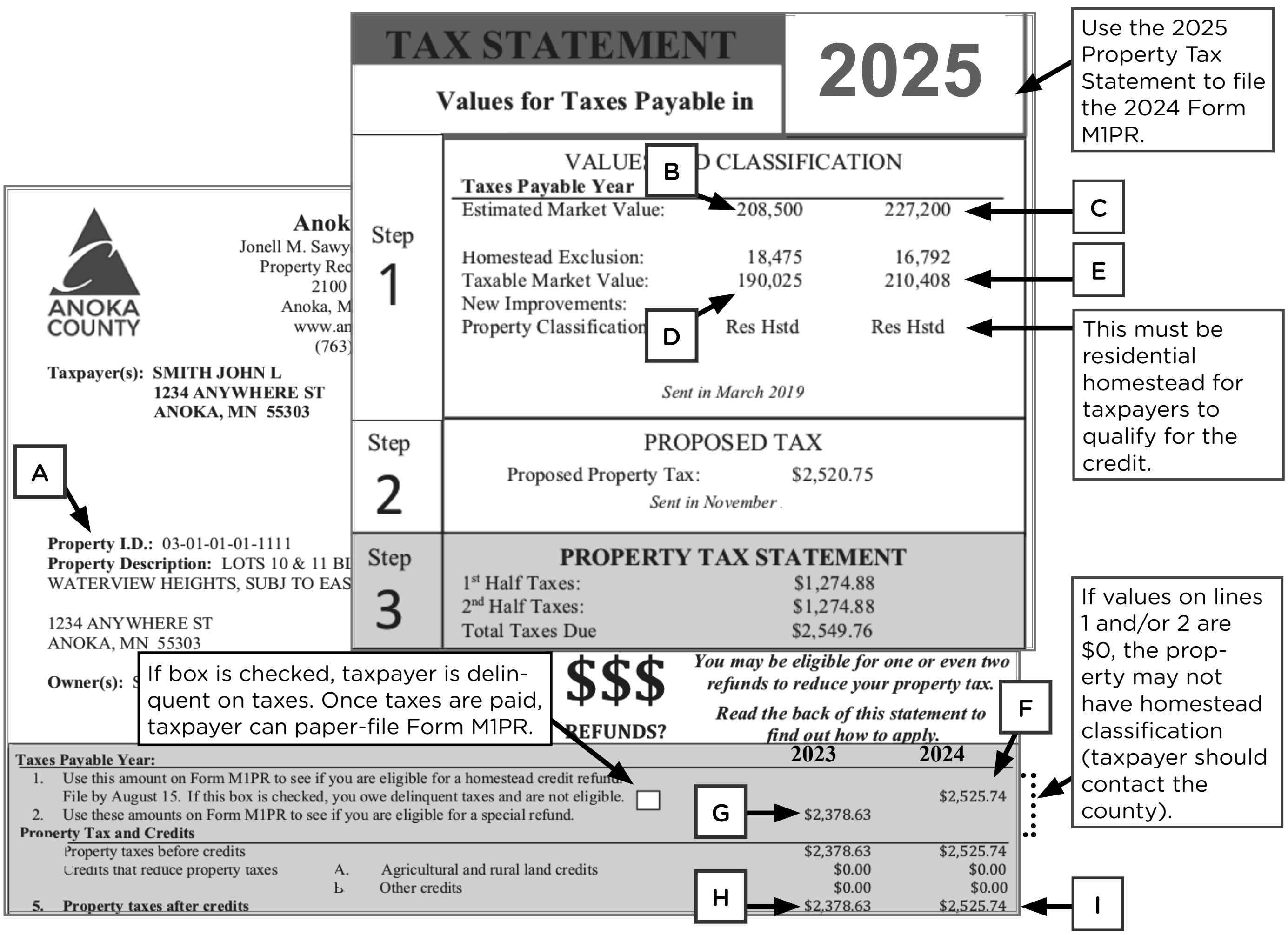
Mobile homeowners generally receive their property tax statements in June. Provide the *Homeowner/Mobile Homewner Info* handout with instructions to submit both the CRP and the property tax statement along with a completed handout to the P+P main office.

If a taxpayer rents a mobile home from one landlord and rents the lot from another landlord, the taxpayer is considered a renter. Complete two CRP worksheets in TaxSlayer. The taxpayer must paper-file with an explanation for the overlapping months.

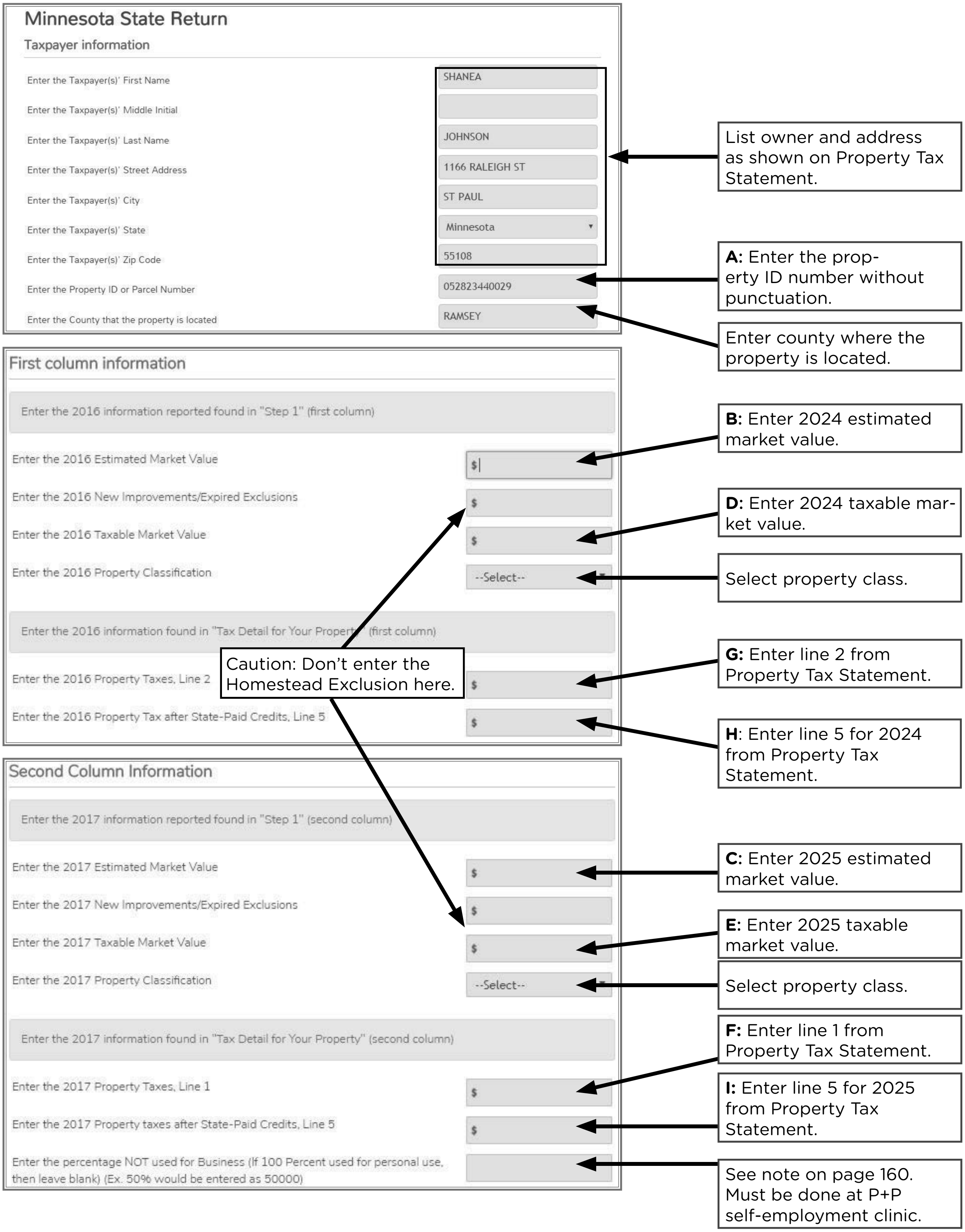
PROPERTY TAX STATEMENT

Use the 2025 Property Tax Statement to file the 2024 Form M1PR (or the 2024 Property Tax Statement to file the 2023 Form M1PR). **Do not use a proposed tax statement**. Minnesota Revenue will not accept Form M1PR for a homeowner prior to mid-March, when most counties make final statements available (online and by mail).

See corresponding letters on page 168 for TaxSlayer entry instructions.



State Section » Property Tax Refund » Edit » Pencil » Complete your MN Property Tax Rebate » Enter Form PROPST received » Property Tax Statement



SPECIAL PROPERTY TAX REFUND

A homeowner or mobile homeowner may be eligible for a Special Refund (up to $1,000) in addition to the regular refund. To qualify, the taxpayer must have all three:

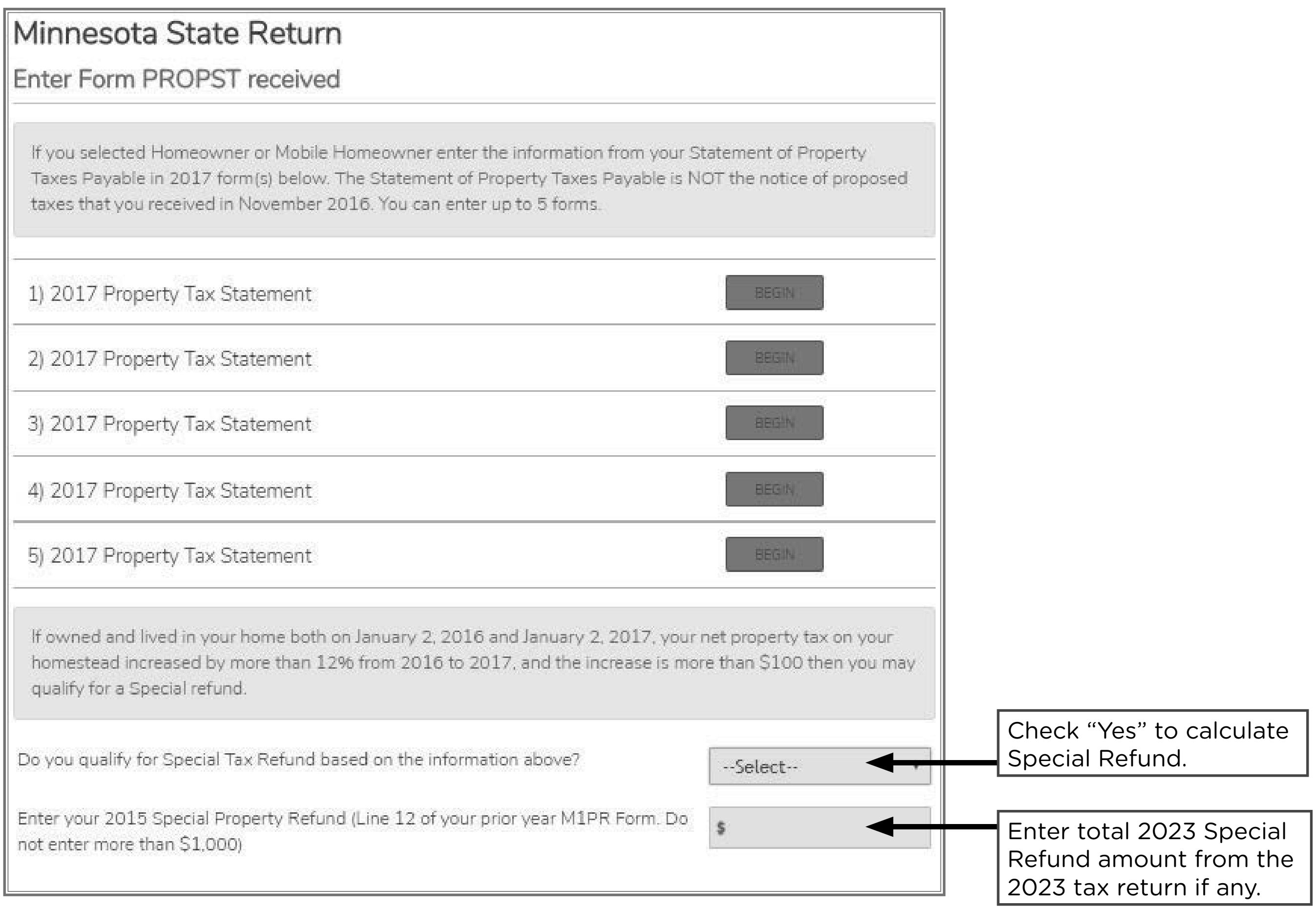
1. Owned and lived in this homestead on both January 2, 2024, and January 2, 2025
2. A net property tax increase of more than 12% from 2024 to 2025
3. An increase in property tax of $100 or more

The special refund is now reported on Form M1PR-SR instead of directly on form M1PR.

If the taxpayer qualified for the special refund in the previous tax year, enter the amount of the special refund from the prior-year return. The taxpayer may qualify for a higher refund since their property taxes increased significantly over multiple years.

Entering Special Refund information

State Section » Property Tax Refund »Edit » Pencil » Complete your MN Property Tax Rebate » Enter Form PROPST received



For some taxpayers, claiming the Special Refund may lower the total property tax refund that the taxpayer receives. Check the Form M1PR refund with and without the Special Refund to determine the best benefit for taxpayers.

MARRIED TAXPAYERS AND FORM M1PR

If taxpayer was **married for the entire year** **AND**

- Lived with spouse for the entire year, they must file return together.
- Lived apart from spouse for all or part of the year, each spouse can file separately or they can file together. If filing separately, the income of the other spouse must be included for any time they lived together in 2024. Enclose an explanation and paper-file.
- One spouse lived in a nursing home and the other spouse lived elsewhere, they must file separate returns.

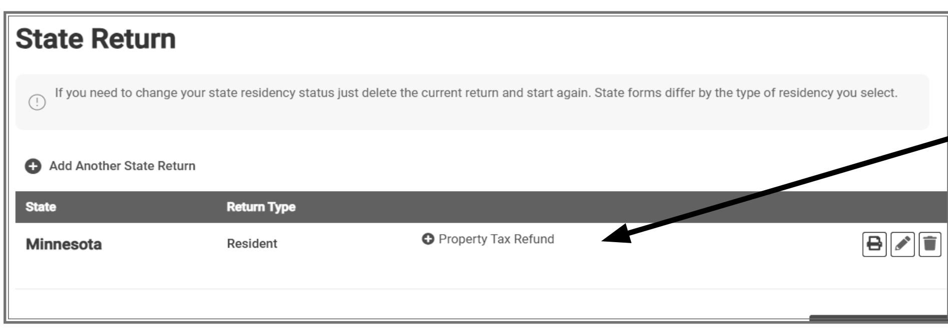
If taxpayer **got married during 2024**, each spouse can file separately or they can file together. If filing separately, include both the taxpayer's income and the spouse's income for the period that they lived together. Enclose an explanation and paper-file.

If the taxpayer **divorced or legally separated during the year**, each spouse must file separately. List the taxpayer's income for the entire year plus the ex-spouse's income for the time they were married and living together.

At the time this manual went to print, it was unknown what changes would take place in TaxSlayer for tax year 2024.

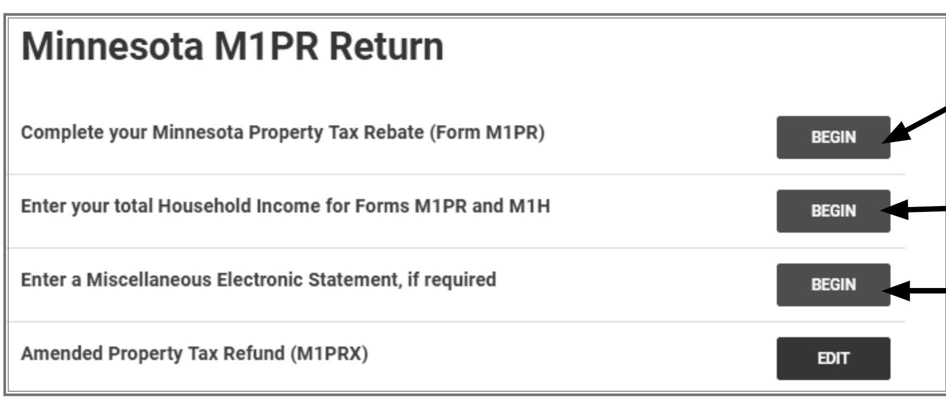
Starting Form M1PR

State Section » Property Tax Refund » Begin/Edit » Pencil



Click the words Property Tax Refund to create or edit Form M1PR.

Click the Begin or Edit buttons to move forward to the screen below.



Select to start/edit Form M1PR.

Select to enter total public benefits for Forms M1PR. See page 174 for other household income.

Use statement if total income is less than amount of rent paid or property tax.

SHOULD I FILE FORM M1PR OR SCHEDULE M1RENT?

Use the table below to determine if the taxpayer should file Form M1PR, Schedule M1RENT, or both based on their living situation. *(we hope this table is helpful; it's repeated on page 163)*

If they...	File Form M1PR	File Schedule M1RENT
Lived in a rental unit for all of 2024		X
Owned and lived in a home on January 2, 2025	X	
Rented during 2024 and then owned and lived in their home on January 2, 2025	X	X
Received a CRP from a nursing home, adult foster care provider, intermediate care, assisted living, or other health care facility		X
Owned and lived in a mobile home on January 2, 2025, and paid rent for the property on which it is located	X	

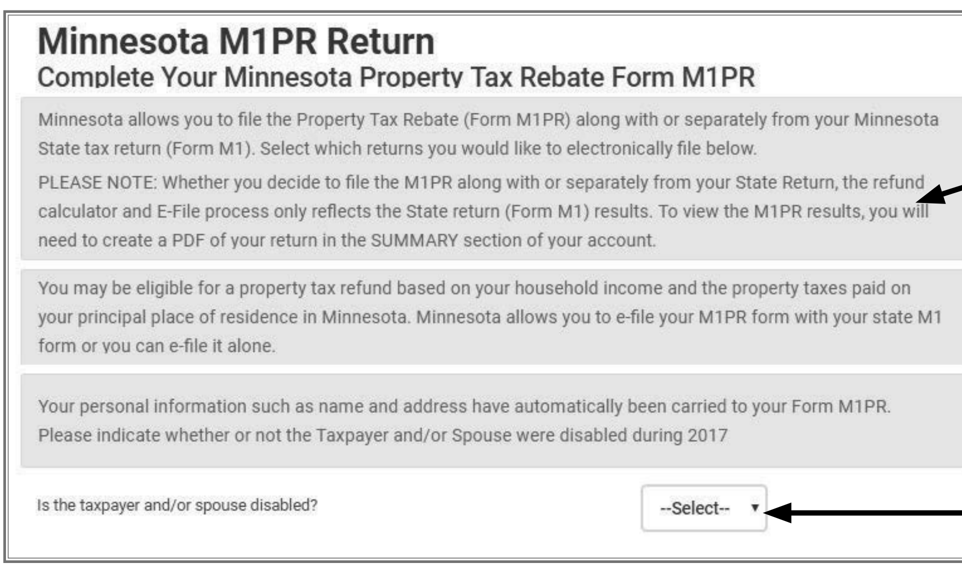
SPECIAL HOMESTEAD CLASSIFICATIONS: BLIND AND DISABLED

Taxpayers are considered disabled if they were certified as disabled by the Social Security Administration on or before December 31 of the tax year. If taxpayers were not certified, they may still qualify as disabled if, during the tax year, they were unable to work for at least 12 consecutive months because of a disability, or they are blind. Taxpayers are considered to be blind if they cannot see better than 20/200 in their better eye with corrective lenses or their field of vision is not more than 20 degrees.

At the time this manual went to print, it was unknown what changes would take place in TaxSlayer for tax year 2024.

Selecting disability and housing status on Form M1PR

State Section » Property Tax Refund » Edit » Pencil » Complete Your MN Property Tax Rebate



To see the M1PR refund, you must create a PDF from the Summary/Print section.

Indicate whether the taxpayer or spouse was disabled.

Select "Yes" for taxpayers with disabilities. A disability qualifies the taxpayer for a subtraction from household income which often increases refunds.

MINNESOTA HOUSEHOLD INCOME

Source Documents	On Intake Sheets	On Tax Returns	VITA Certification
• Statements showing non-taxable income • Taxpayer records (e.g., county statements, bank statement, or verification from the taxpayer)	• IRS: N/A • P+P: Homeowners Only	• 1040: N/A • M1: N/A • M1PR: lines 4 and 5, and Sch M1PR-AI	Basic

Overview: Minnesota household income is the federal adjusted gross income (AGI) plus certain nontaxable income and government benefits. Many types of household income do not have a tax document. Prepare the return based on amounts provided by the taxpayer unless there is reason to believe the information is wrong and will cause incorrect calculations.

Failure to include nontaxable income on Form M1PR may cause Minnesota Revenue to audit returns, and require taxpayers to repay refunds.

Household income does not include

- Noncash benefits such as food, fuel, or child care assistance
- Food support/food stamps/SNAP
- Medical Assistance (Medicaid)
- Child support payments
- IRA rollovers
- Energy assistance
- Life insurance policy payments
- Payments from someone else for the taxpayer's care by a nurse, nursing home, or hospital
- Minnesota property tax refunds
- Veterans benefits
- Gifts or inheritances
- Dependent's income, including Social Security
- Nontaxable Holocaust settlement payments
- State income tax refunds not included in federal taxable income

Repayment of program benefits: If program benefits were repaid during the year, subtract the amount of those repayments from the amount reported.

ADDITIONS TO INCOME: M1PR HOUSEHOLD INCOME

Supplemental Security Income (SSI)

SSI is a very common type of nontaxable household income. It is a federal program operated by the Social Security Administration and funded by general tax revenues (not Social Security taxes). SSI provides monthly cash payments to certain people who have little or no income.

SSI is commonly confused with RSDI Social Security Benefits (see page 70). SSI can be identified easily if a taxpayer receives the maximum amount each month. These amounts are listed in the table below for easy reference.

SSI Maximum payments — single taxpayer

	Tax Year 2023 (for prior year M1PR)	Tax Year 2024 (for current year M1PR)	Tax Year 2025 (for reference only)
Monthly payment	$914	$943	$967
Annual total	$10,968	$11,316	$11,604

Nontaxable household income from public benefits

Diversionary Work Program (DWP) is a 4-month program that helps low-income Minnesota families find a job. The goal of DWP is to help parents immediately go to work.

Emergency Assistance is for income-qualifying persons where the loss of shelter, utilities, food, clothing, and other items poses a direct, immediate threat to their physical health or safety.

General Assistance (GA) is a program that serves as Minnesota's primary safety net for single adults and childless married couples who are unable to work.

Housing Support (formerly GRH) is a Minnesota program that pays housing costs for low-income adults with the goal of reducing homelessness and institutional living (see more on page 158).

Minnesota Family Investment Program (MFIP) is a Minnesota welfare program for low-income families with children. It has a 5-year lifetime limit. Most families also participate in DWP (see above).

Minnesota Supplemental Aid (MSA) is a program that provides a monthly cash benefit to people who are aged, blind or disabled.

Refugee Cash Assistance is for refugees who are ineligible for SSI or MFIP, and is paid for up to 8 months after arrival in the United States.

Other nontaxable household income

Automatically transfers in TaxSlayer	
Nontaxable income:	**Amounts transfer from:**
Tax-deferred retirement accounts	W-2 Wage Statement, box 12
Contributions to a dependent care and/or medical expense account	W-2 Wage Statement, boxes 10 + 12
Health Savings Account deductions	Form 1040, Schedule 1
Educator expenses	Form 1040, Schedule 1
Distributions from a Roth IRA or other nontaxable retirement distributions	Form 1040, line 4a
Medicaid Waiver payment	*W-2 Wage Statement*, see page 59

The amounts listed below **must be entered** into TaxSlayer on Form M1PR (see page 174).

- Strike benefits
- Nontaxable sick pay
- Nontaxable alimony
- Nontaxable foster care payments
- Income excluded by a tax treaty
- Employer-paid adoption expenses
- Employer-paid education expenses
- Workers' compensation benefits
- Nontaxable employee transit and parking
- Nontaxable scholarships, fellowships, grants for education, or tuition waivers
- Nontaxable pension and annuity payments, including all lump-sum distributions and disability payments
- Gain on the sale of the taxpayer's home that was excluded from federal income (see page 75)
- Debt forgiveness not included in federal adjusted gross income (Form 1099-C or student loan forgiveness)
- Homeowners filing an M1PR: Income of another adult living in the home (see page 165)
- Married taxpayers filing separate M1PRs: spouse's income for the period of time they lived together (see page 170)

Putting nontaxable income in TaxSlayer

Nontaxable household income (excluding public benefits) must be entered in TaxSlayer in the "Additional Nontaxable Income" section of the Minnesota return. (See screenshot on page 132.) Income entered here will transfer to Sch M1PR-AI.

SUBTRACTIONS FROM INCOME: M1PR HOUSEHOLD INCOME

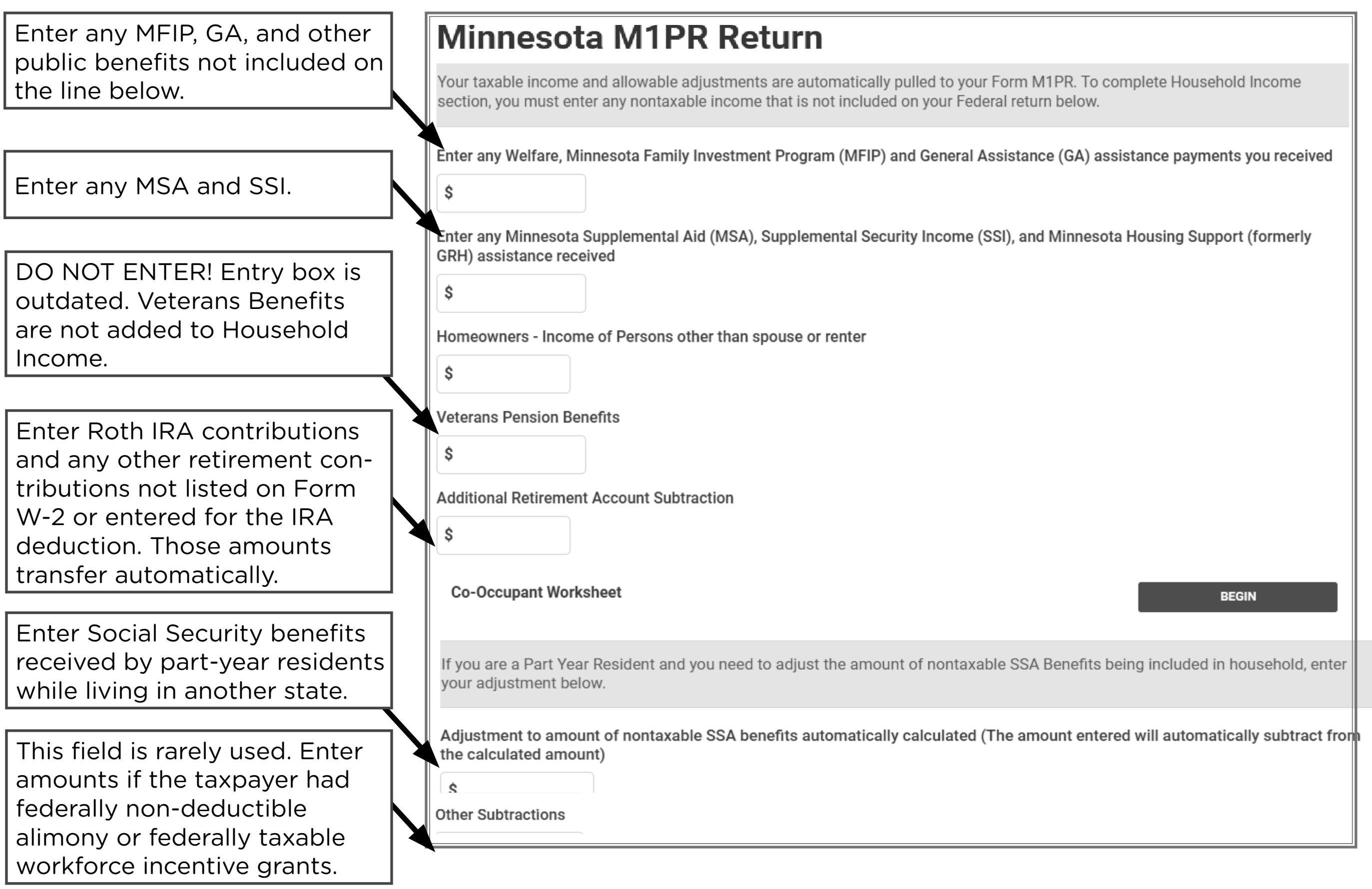
In addition to adding nontaxable income to AGI to figure household income, taxpayers may lower their household income by claiming these subtractions:

- **Age 65 or older:** $5,050 subtraction[1] for taxpayer or spouse. TaxSlayer calculates the subtraction automatically.
- **A person with a disability:** $5,050 subtraction1 for taxpayer or spouse. See page 171 for the M1PR disability definition and TaxSlayer data entry instructions.
- **Claiming dependents:** Subtraction amount determined by number of dependents. TaxSlayer calculates this subtraction automatically.
- **Retirement Account Contributions:** Subtraction is equal to the actual retirement account contributions up to a maximum of $7,000 per taxpayer. Roth IRA contributions must be entered manually in the federal section or M1PR section. TaxSlayer transfers amounts entered in the federal section (e.g., from Form W-2, the IRA deduction section, or the Saver's Credit section).

[1] Taxpayers may take a subtraction for age or disability status, but not both. If MFJ, the maximum subtraction for age and disability status is $5,050, even if both spouses qualify.

Entering household income and retirement subtractions on Form M1PR

State Section » Property Tax Refund » Edit » Pencil » Enter your total Household Income



PRIOR-YEAR RETURNS

AMENDMENTS

Taxpayers may file an amended return to correct wrong or incomplete information. Amendments are filed using Forms 1040X, M1X, and M1PRX. Volunteers must be certified to the appropriate level for all tax issues on the return to prepare an amended return.

Important amendment information

- Taxpayer must provide a copy or transcript of the originally filed Federal and/or state returns.
- Amended returns require the standard intake procedure (interview and paperwork).
- E-file possible for Federal amendments for tax years 2022-2024
- Paper file required for Minnesota amended returns and federal amendments pre-2022
- Pub 4012, Tab M, pages M-3 through M-9, *Amended Returns*, offers additional guidance.

Amendment timelines

A taxpayer filing to claim an additional refund should wait until the original refund is received before filing the amendment. If the taxpayer owes additional tax and the filing deadline has not passed, the taxpayer should file the amended return and pay the tax by the filing deadline for that year to avoid penalties and interest. Amendments take at least 16 weeks to process.

During the regular tax season, P+P will only prepare amendments if:

- The original return was filed at P+P: taxpayer should call 651-262-2167 for assistance.
- The amendment is for tax year 2021: taxpayer should call 651-262-2169 to schedule an appointment

During summer and fall tax clinics, P+P will prepare amendments from any year.

PRIOR-YEAR RETURNS

Prior tax years 2019-2023 can be prepared in TaxSlayer at P+P.

- **E-file:** Tax years 2022 and 2023 can be e-filed.
- **Paper file:** Returns for 2019 through 2021 must be paper-filed.
  (Returns for tax years 2018 and earlier cannot be prepared at P+P.)

Volunteers must be certified to the appropriate level for all tax issues on the return. When possible, use tax law resource material from the tax year being prepared. Summaries in the following sections highlight prior-year tax law issues that differ from the current tax year.

Prior-year returns may be prepared using transcripts. For more information, see page 57.

Prior-year refund expiration

- April 15, 2025: Deadline for taxpayers to claim income tax refunds back through 2021.
- August 15, 2025: Deadline for taxpayers to claim M1PR refunds for 2023.

Preparing prior-year returns

Main menu

2023 TAX YEAR

Income tax refunds for tax year 2023 can be claimed until the tax filing deadline in April 2027. Refunds for Form M1PR can be claimed until August 15, 2025.

Required Minimum Distributions (RMD): Taxpayers who reach age 72 after December 31, 2022 can take their first RMD by April 1 of the year following the year in which they turn 73.

Minnesota Income Tax Rebate: Taxpayers who filed their 2021 MN (M1 or M1PR) returns on time were eligible for a $260 income tax rebate per person, with a maximum of 3 dependents. The rebates are federally taxable and entered as miscellaneous income (the client should have a 1099-MISC from MN). However The rebates are subtracted from Minnesota and M1PR income.

Minnesota Expanded Child and Dependent Care Credit (CDCC): All taxpayers who have a baby born in the tax year qualify for the newborn credit portion of the Minnesota CDCC.

K-12 Education Credit: In tax year 2023, this credit had much higher income thresholds. The maximum credit was increased to $1,500.

M1PR updates: Homeowners using an ITIN qualify for the homestead credit refund if they have obtained homestead status on their home.

Property tax refunds: Were about 20% lower than in 2022 due to one-time increase for 2022.

Minnesota Child and Working Family Credits: Minnesota created a child tax credit and expanded the working family credit beginning in tax year 2023. Credits that apply to dependents are refundable and do not have an earned income requirement.

2022 TAX YEAR

Income tax refunds for tax year 2022 can be claimed until the tax filing deadline in April 2026. Refunds for Form M1PR are expired.

Coronavirus-Related Retirement Distributions: See 2020 tax year section for more details.

2022 business mileage: The business mileage deduction had two rates. January through June, the rate was 55.5 cents per mile. July through December, the rate was 62.5 cents per mile.

Minnesota Frontline Worker Pay: Qualified Frontline Workers got a $487.45 payment that is reported federally as "other income". It must be subtracted from Minnesota taxable income and Household Income on Form M1PR. In TaxSlayer, use the M1 Subtractions section and the Other Subtractions line in the M1PR Household Income section.

K-12 Education Credit: In tax year 2022 and prior years this credit was based on Household Income. The credit also had a much lower income threshold and maximum credit of $1,000.

M1PR updates: Property tax refunds received a one-time increase via legislation passed after the filing season. Taxpayers received 20.572% more than original calculations for the credits.

The Special Refund qualifications for homeowners: In tax year 2022, homeowners only required an increase of 6% (change from 12%) and at least $100.

Homeowners with ITINs: Homeowners with ITINS were not eligible to get Homestead classification until mid-2023. If it was obtained prior to 12/31/2023, then ITIN holders could claim the 2022 Homestead Credit Refund.

2021 TAX YEAR

Income tax refunds for tax year 2021 can be claimed until the tax filing deadline in April 2025. Refunds for Form M1PR are expired.

2021 Recovery Rebate Credit: The credit for tax year 2021 allows taxpayers who did not receive the third round of Economic Impact Payments or did not receive the full amount ($1,400 per taxpayer and dependent) to claim the missed portion as a credit on the tax return.

Earned Income Credit (EIC) Lookback and Expansion: Taxpayers have the option to use 2019 earned income to figure the EIC if their 2019 earned income was higher than their 2021 earned income. The EIC was expanded for filers with no qualifying child. There was no upper age limit for the credit, and some youth experiencing homelessness or former foster youth qualified for the credit at a younger age.

Child Tax Credit (CTC) Expansion: The CTC was fully refundable, and the amount of the credit was much larger in tax year 2021. Children aged 17 or younger qualified for the credit. Many taxpayers with children received advance CTC payments equaling half the taxpayer's expected CTC. The advance payments had to be reconciled on the 2021 return.

Child and Dependent Care Credit (CDCC) Expansion: The CDCC was fully refundable, the credit was larger, and the limit for qualifying expenses was higher.

Premium Tax Credit: Taxpayers who received unemployment benefits were considered to have income at 133% of FPL for Premium Tax Credit calculations.

Sick leave and family leave credits: This is the last year that self-employed taxpayers could claim a credit for lost earnings due to being sick or caring for family members due to COVID-19. These credits were available in tax years 2020 and 2021.

Charitable Contribution Deduction: This is the last year that taxpayers who did not itemize could claim an adjustment of $300 ($600 for MFJ filers) for cash contributions. This was available in tax years 2020 and 2021.

2020 TAX YEAR

Income tax refunds for tax year 2020 are expired. Refunds for Form M1PR are expired. Only prepare 2020 returns if the taxpayer owes money or has received a request to file.

Unemployment Compensation Deduction: For 2020, up to $10,200 of unemployment was non-taxable. Each spouse on a MFJ return was eligible. This deduction was allowed partway through the filing season, and Minnesota accepted the deduction after the filing season ended.

Coronavirus-Related Retirement Distributions: Taxpayers were able to make early distributions from most retirement accounts without an early distribution penalty. Additionally, taxpayers could choose to have the distribution fully taxed in tax year 2020 or to spread the taxable income equally across tax years 2020, 2021, and 2022 (reporting 1/3 of the distribution in each tax year). Taxpayers have the option to recontribute amounts. Review instructions in Pub 4012 for the appropriate year if assisting a taxpayer with these distributions or recontributions.

2020 Recovery Rebate Credit: The tax year 2020 credit was based on two rounds of Economic Impact Payments (stimulus payments) paid in 2020 and early 2021. Taxpayers who did not get the advance payments or did not get their full payment claimed the credit. Generally, the first round of payments equaled $1,200 for the taxpayer ($2,400 for MFJ) and $500 for each qualifying child. Generally, the second round of payments equaled $600 for the taxpayer ($1,200 for MFJ) and $600 for each qualifying child. The definition for a qualifying child matched the definition used for the Child Tax Credit.

Tuition and Fees Deduction: Tax year 2020 was the final year for the Tuition & Fees Deduction. This allowed taxpayers to deduct up to $4,000 in qualified tuition and related expenses. There was no limit to the number of years a taxpayer could take the deduction and no requirement for seeking a degree or credential. Generally education credits offered a better tax benefit.

Earned Income Credit (EIC): Tax year 2020 was the final year that all MFS taxpayers were ineligible for EIC. Taxpayers also had the option to use 2019 earned income to figure the EIC if their 2019 earned income was higher than their 2020 earned income.

2019 TAX YEAR

Income tax refunds for tax year 2019 are expired. Refunds for Form M1PR are expired. These returns cannot be e-filed. Only prepare 2019 returns if the taxpayer owes money or has received a request to file.

APPENDIX

Filing Status Quiz Answers (page 48)

1. HOH — parents are qualifying people when living apart
2. Yes; MFS — Scott is "considered unmarried" with a qualifying child and Kathy is not with no child
3. No — Robert is not a qualifying person for HOH; not a qualifying relative
4. No — Trinity is not a qualifying person for HOH; not related to Chris
5. No — David is not a qualifying person for HOH; not related to Mae
6. Yes — Amara is a qualifying person for HOH; closely related to Abdullah
7. MFJ — joint filing permitted in the year of a spouse's death

Dependency Quiz Answers (page 56)

1. No — qualifying relative rules; income is too high
2. Yes — meets qualifying relative rules
3. Yes — meets qualifying relative rules
4. Yes — meets qualifying relative rules
5. No — qualifying relative rules; income is too high
6. Hope — qualifying child rules; residency test
7. Mike — qualifying child tie breaker rules; tie goes to the parent
8. Yes — qualifying as a dependent requires filing as a dependent

Form **13614-C** (November 2024)

Department of the Treasury - Internal Revenue Service

Intake/Interview and Quality Review Sheet

OMB Number 1545-1964

You will need:
- Tax Information such as Forms W-2, 1099, 1098, 1095.
- Social Security cards or ITIN letters for all persons on your tax return
- Picture ID (such as valid driver's license) for you and your spouse

- Complete pages 1-6 of this form.
- You are responsible for the information on your return. Provide complete and accurate information.
- If you have questions, ask the IRS-certified volunteer preparer.

Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov

Your first name *(pronouns, optional)*	M.I.	Last name	Your date of birth	Your job title
Spouse's first name *(pronouns, optional)*	M.I.	Last name	Spouse's date of birth	Spouse's job title

Mailing address	Apt #	City	State	ZIP code

Your telephone number	Spouse's telephone number	Email address *(optional)*	Did you live or work in two or more states in 2024 ☐ Yes ☐ No

Check if you or your spouse were in 2024:

A U.S. citizen	☐ You	☐ Spouse	☐ No
In the U.S. on a visa	☐ You	☐ Spouse	☐ No
A full-time student	☐ You	☐ Spouse	☐ No
Legally blind	☐ You	☐ Spouse	☐ No
Totally and permanently disabled	☐ You	☐ Spouse	☐ No
Issued an identity protection PIN (IPPIN)	☐ You	☐ Spouse	☐ No
Owners or holders of any digital assets	☐ You	☐ Spouse	☐ No

If due a refund, how would you like your refund
☐ Direct deposit ☐ Check by mail
☐ Split refund between accounts ☐ Other ____________

If you have a balance due, how would you like to make your payment
☐ Bank account ☐ IRS.gov Direct Pay
☐ Set up installment agreement ☐ Mail payment to IRS

Would you like to receive written communications from the IRS in a language other than English ☐ You ☐ Spouse ☐ No
What language ____________

Would you like information on how to vote and/or how to register to vote ☐ Yes ☐ No

Would you, or your spouse if married filing jointly, like $3 to go to the Presidential Election Campaign Fund ☐ You ☐ Spouse ☐ No

As of December 31, 2024, what was your marital status
☐ **Never Married** ☐ **Married** If married, were you married for all of 2024 ☐ Yes ☐ No
Did you live with your spouse during any part of the last six months of 2024 ☐ Yes ☐ No
☐ **Divorced** Date of final decree ________ ☐ **Legally Separated but not Divorced** Date of separate maintenance decree ________ ☐ **Widowed** Year of spouse's death ________

To be completed by certified volunteer: Can anyone else claim the taxpayer or spouse on their tax return ☐ Yes ☐ No

List the names below of everyone who lived with you last year (except your spouse) **AND** anyone you supported but did not live with you last year.					Answer Yes or No (Y/N)				**To be completed by certified volunteer (Yes, No, or N/A)**				
Name (first, last)	Date of birth (mm/dd/yy)	Relationship to you (child, parent, none, etc.)	Number of months lived in your home in 2024	Single or Married as of 12/31/2024 (S/M)	U.S. Citizen	Resident of U.S., Canada or Mexico	Full-time student	Totally and permanently disabled	Issued IPPIN	Qualifying child or relative of any other person	This person provided more than 50% of their own support	This person had less than $5,050 of income	Taxpayer(s) provided more than 50% of support for this person	Taxpayer(s) paid more than half the cost of maintaining a home for this person

Catalog Number 52121E www.irs.gov Form **13614-C** (Rev. 11-2024)

Income: **Answer the following questions on the left side of this page. Check only the boxes that apply to you and/or your spouse.**

Received money from any of the following in 2024:	(To be completed by certified volunteer) Income to be included	Notes/Comments
☐ (B) Wages as a part-time or full-time employee How many jobs ______	☐ (B) W-2s # ______	
☐ (B/A) Tips	☐ (B/A) Tips (Basic when reported on W2)	
☐ (B/A) Retirement account, pension or annuity proceeds	☐ (B/A) 1099-R (Basic when taxable amount is reported) # ______ ☐ (A) Qualified Charitable Distribution From 1099-R $ ______	
☐ (B) Disability benefits (such as payments from insurance and worker's compensation)	☐ (B) Disability benefits on 1099-R or W-2 # ______	
☐ (B) Social Security or Railroad Retirement Benefits	☐ (B) SSA-1099, RRB-1099 # ______	
☐ (B) Unemployment benefits	☐ (B) 1099-G # ______	
☐ (B) Refund of state or local income tax	☐ (B) Refund $ ______ ☐ (B) Itemized last year ☐ Yes ☐ No	
☐ (B) Interest or dividends (bank account, bonds, etc.)	☐ (B) 1099-INT # ______ ☐ (B) 1099-DIV # ______	
☐ (A) Sale of stocks, bonds or real estate Did you report a loss on last year's return ☐ Yes ☐ No	☐ (A) 1099-B (include brokerage statement) # ______ ☐ Capital loss carryover ☐ Yes ☐ No	
☐ (B) Alimony	☐ (B) Alimony $ ______ Excluded from income ☐ Yes ☐ No	
☐ (A/M) Income from renting out your house or a room in your house If yes, did you use the dwelling unit as a personal residence and rent it for fewer than 15 days ☐ Yes ☐ No ☐ Income from renting personal property such as a vehicle	☐ (A/M) Rental income (Advanced when the dwelling is a personal residence and rented for fewer than 15 days) ☐ Rental expense $ ______	
☐ (B) Gambling winnings, including lottery	☐ (B) W-2G or other gambling winnings (list losses below if taxpayer can itemize deductions) # ______	
☐ (A) Payments for contract or self-employment work Did you report a loss on last year's return ☐ Yes ☐ No	☐ (A) Schedule C ☐ 1099-MISC # ______ ☐ 1099-NEC # ______ ☐ 1099-K # ______ ☐ Other income reported elsewhere ☐ Schedule C expenses $ ______	
☐ Any other money received during the year? (example: cash payments, jury duty, awards, digital assets, royalties, union strike benefits)	☐ Other income (see Pub 4012 for guidance on other income, i.e., scope of service chart)	

Expenses and Tax Related Events: Answer the questions on the left side of this page. Check only the boxes that apply to you and/or your spouse.

Paid any of the following expenses to itemize in 2024?	(To be completed by certified volunteer) Standard or Itemized Deductions	Notes/Comments
☐ (A) Mortgage Interest	☐ (A) 1098 # ______	
☐ (A) Taxes: state, local, real estate, sales, etc.		
☐ (A) Medical, dental, prescription expenses	☐ (B) Standard deduction ☐ (A) Itemized deduction	
☐ (A) Charitable contributions		

Paid any of these expenses in 2024?	(To be completed by certified volunteer) Expenses to report	Notes/Comments
☐ (B) Student loan interest	☐ (B) 1098-E	
☐ (B) Child and dependent care	☐ (B) Child and dependent care credit	
☐ (B/A) Contributions to a retirement account	☐ (B/A) IRA (Basic if a Roth IRA or 401K)	
☐ (B) School supplies by a teacher, teacher's aide or other educator	☐ (B) Educator expenses deduction $	
☐ (B) Alimony payments (do not include child support)	☐ (B) Alimony payments with spouse's SSN $ ______ Adjustment to income ☐ Yes ☐ No	

Did any of the following happen during 2024?	(To be completed by certified volunteer) Information to report	Notes/Comments
☐ (B) You or someone in your family took educational classes (technical school, college, job related, etc.)	☐ (B) Taxable scholarship income ☐ (B) 1098-T (itemized statement from school, invoice, etc.) ☐ (B) Education credit or tuition and fees deduction	
☐ (A) Sell a home	☐ (A) Sale of home (1099-S)	
☐ (A) Have a health savings account (HSA)	☐ HSA contributions ☐ HSA distributions	
☐ (A) Purchase health insurance through the Marketplace (Exchange)	☐ (A) 1095-A	
☐ (A) Purchase and install energy-efficient home items (example: windows, furnace, insulation, etc.)	☐ (B) Energy efficient home improvement credit	
☐ (A) Have credit card, mortgage, or other debt cancelled/forgiven by a lender	☐ (A) 1099-C	
☐ (A) Have a loss related to a declared Federal disaster area	☐ (A) 1099-A ☐ Disaster relief impacts return	
☐ (B) Have a tax credit disallowed (example: earned income credit, child tax credit, or American opportunity credit)	☐ (B) EITC, CTC, AOTC or HOH disallowed in a previous year Year disallowed Reason	
☐ Receive any letter or bill from the IRS	☐ Eligible for Low Income Taxpayer Clinic referral	
☐ (B) Make estimated tax payments or apply last year's refund to 2024 taxes	☐ Estimated tax payments ______ ☐ Last year's refund applied to this year ______ ☐ Last year's return available	

Optional Information

The following information is for statistical purposes only. Your responses to these questions are not a part of your tax return and are not transmitted to the IRS with your tax return. You are not required to answer these questions.

1. Would you say you can carry on a conversation in English	☐ Very well	☐ Well	☐ Not well	☐ Not at all	☐ Prefer not to answer
2. Would you say you can read a newspaper in English	☐ Very well	☐ Well	☐ Not well	☐ Not at all	☐ Prefer not to answer
3. Do you or any member of your household have a disability	☐ Yes	☐ No	☐ Prefer not to answer		
4. Are you or your spouse a Veteran of the U.S. Armed Forces	☐ Yes	☐ No	☐ Prefer not to answer		

5. What is your race and/or ethnicity? Select all that apply

- ☐ **American Indian or Alaska Native** *(for example, Navajo Nation, Blackfeet Tribe of the Blackfeet Indian Reservation of Montana, Native Village of Barrow Inupiat Traditional Government, Nome Eskimo Community, Aztec, Maya, etc.)*
- ☐ **Asian** *(for example, Chinese, Asian Indian, Filipino, Vietnamese, Korean, Japanese, etc.)*
- ☐ **Black or African American** *(for example, African American, Jamaican, Haitian, Nigerian, Ethiopian, Somali, etc.)*
- ☐ **Hispanic or Latino** *(for example, Mexican, Puerto Rican, Salvadoran, Cuban, Dominican, Guatemalan, etc.)*
- ☐ **Middle Eastern or North African** *(for example, Lebanese, Iranian, Egyptian, Syrian, Iraqi, Israeli, etc.)*
- ☐ **Native Hawaiian or Pacific Islander** *(for example, Native Hawaiian, Samoan, Chamorro, Tongan, Fijian, Marshallese, etc.)*
- ☐ **White** *(for example, English, German, Irish, Italian, Polish, Scottish, etc.)*

6. What is your spouse's race and/or ethnicity? Select all that apply

- ☐ **American Indian or Alaska Native** *(for example, Navajo Nation, Blackfeet Tribe of the Blackfeet Indian Reservation of Montana, Native Village of Barrow Inupiat Traditional Government, Nome Eskimo Community, Aztec, Maya, etc.)*
- ☐ **Asian** *(for example, Chinese, Asian Indian, Filipino, Vietnamese, Korean, Japanese, etc.)*
- ☐ **Black or African American** *(for example, African American, Jamaican, Haitian, Nigerian, Ethiopian, Somali, etc.)*
- ☐ **Hispanic or Latino** *(for example, Mexican, Puerto Rican, Salvadoran, Cuban, Dominican, Guatemalan, etc.)*
- ☐ **Middle Eastern or North African** *(for example, Lebanese, Iranian, Egyptian, Syrian, Iraqi, Israeli, etc.)*
- ☐ **Native Hawaiian or Pacific Islander** *(for example, Native Hawaiian, Samoan, Chamorro, Tongan, Fijian, Marshallese, etc.)*
- ☐ **White** *(for example, English, German, Irish, Italian, Polish, Scottish, etc.)*

Privacy Act and Paperwork Reduction Act Notice

We are asking for this information so you may participate in the IRS Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) program which provides IRS-certified volunteer income tax preparers to assist with basic income tax return preparation for qualified individuals. The IRS authority to collect this information is 5 U.S.C. section 301 and 26 U.S.C. section 7801. The information you provide may be disclosed to others who coordinate VITA/TCE staffing, outreach, and other VITA/TCE related activities. The IRS may only disclose your return and return information as provided by 26 U.S.C. section 6103. All other records may be disclosed only for purposes the IRS deems are compatible with the purpose for which IRS collected the records, and consistent with any routine use disclosures described in the System of Record Notice (SORN) Treasury/IRS 24.030, Customer Account Data Engine (CADE) Individual Master File (IMF). You may view Treasury/IRS SORNs on the Treasury SORN website at Treasury.gov/System of Records Notices (SORNs). Providing this information is voluntary however, if you do not provide the requested information the IRS volunteers may not be able to assist you with preparing and filing your tax return.

The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or suggestion on making this process simpler, please write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:TS:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224.

IRS INTAKE SHEET PAGE 5

Page 5

Additional Notes/Comments

Catalog Number 52121E www.irs.gov Form **13614-C** (Rev. 11-2024)

IRS INTAKE SHEET PAGE 6

Form **15080** (October 2024)	Department of the Treasury - Internal Revenue Service **Consent to Disclose Tax Return Information to VITA/TCE Tax Preparation Sites**

Federal Disclosure:
Federal law requires this consent form be provided to you. Unless authorized by law, we cannot disclose your tax return information to third parties for purposes other than the preparation and filing of your tax return without your consent. If you consent to the disclosure of your tax return information, Federal law may not protect your tax return information from further use or distribution.

You are not required to complete this form to engage our tax return preparation services. If we obtain your signature on this form by conditioning our tax return preparation services on your consent, your consent will not be valid. If you agree to the disclosure of your tax return information, your consent is valid for the amount of time that you specify. If you do not specify the duration of your consent, your consent is valid for one year from the date of signature.

Terms:
Global Carry Forward of data allows TaxSlayer LLC, the provider of the VITA/TCE tax software, to make your tax return information available to ANY volunteer site participating in the IRS's VITA/TCE program that you select to prepare a tax return in the next filing season. This means you will be able to visit any volunteer site using TaxSlayer next year and have your tax return populate with your current year data, regardless of where you filed your tax return this year. This consent is valid through November 30, 2026.

The tax return information that will be disclosed includes, but is not limited to, demographic, financial and other personally identifiable information, about you, your tax return and your sources of income, which was input into the tax preparation software for the purpose of preparing your tax return. This information includes your name, address, date of birth, phone number, SSN, filing status, occupation, employer's name and address, and the amounts and sources of income, deductions and credits that were claimed on, or contained within, your tax return. The tax return information that will be disclosed also includes the name, SSN, date of birth, and relationship of any dependents that were claimed on your tax return.

You do not need to provide consent for the VITA/TCE partner preparing your tax return this year. Global Carry Forward will assist you only if you visit a different VITA or TCE partner next year that uses TaxSlayer. You have the right to receive a signed copy of this form.

Limitation on the Duration of Consent: I/we, the taxpayer, do not wish to limit the duration of the consent of the disclosure of tax return information to a date earlier than presented above (November 30, 2026). If I/we wish to limit the duration of the consent of the disclosure to an earlier date, I/we will deny consent.

Limitation on the Scope of Disclosure: I/we, the taxpayer, do not wish to limit the scope of the disclosure of tax return information further than presented above. If I/we wish to limit the scope of the disclosure of tax return information further than presented above, I/we will deny consent.

Consent:
I/we, the taxpayer, have read the above information.

I/we hereby consent to the disclosure of tax return information described in the Global Carry Forward terms above and allow the tax return preparer to enter a PIN in the tax preparation software on my behalf to verify that I/we consent to the terms of this disclosure.

Primary taxpayer printed name and signature	Date
Secondary taxpayer printed name and signature	Date

If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration (TIGTA) by telephone at 1-800-366-4484. Report a Crime or IRS Employee Misconduct - U.S. Treasury Inspector General for Tax Administration (TIGTA) (https://www.tigta.gov/reportcrime-misconduct).

PREPARE + PROSPER

TAX INTAKE SHEET

Preferred name(s): ____
(Taxpayer) (Spouse)

What tax returns do you need prepared? *Check all that apply.*

- ☐ 2024 income taxes
- ☐ 2024 Property Tax refund
- ☐ 2024 Renter's credit
- ☐ 2023 Renter or Homeowner Refund
- ☐ Prior year(s): ____________________
- ☐ Other: ___________________________

TAXPAYER SURVEY

A. How do you identify?

- ☐ African
- ☐ African American or Black
- ☐ American Indian or Alaskan Native
- ☐ Asian or ASian American
- ☐ Native Hawaiian or other Pacific Islander
- ☐ Hispanic or Latino
- ☐ Middle Eastern or North African
- ☐ White or European descent
- ☐ Multiracial
- ☐ Prefer not to say
- ☐ Not listed above, write in: ______________________________

B. Are you or a member of your household considered a person with a disability?

- ☐ Yes
- ☐ No

C. What is your gender?

- ☐ Female
- ☐ Male
- ☐ Nonbinary
- ☐ Not listed above, write in: ______________

D. What language do you primarily speak at home?

- ☐ English
- ☐ Spanish
- ☐ Somali
- ☐ Oromo
- ☐ Amharic
- ☐ American Sign Language
- ☐ Hmong
- ☐ Vietnamese
- ☐ Karen
- ☐ Russian
- ☐ Not listed above, write in: ________________

E. In what county do you currently reside?

____

F. Where did you learn about P+P services?

- ☐ Returning Customer
- ☐ Online Search
- ☐ Social Media Post/Ad
- ☐ P+P Email
- ☐ Referral by other Organization/Business
- ☐ Community Event
- ☐ Word of Mouth (Friend, Family Member, etc.)
- ☐ Other

DIRECT DEPOSIT AND PAYMENT INFORMATION

If you are getting a refund, how do you want to receive it?

- ☐ I want my refunds deposited in my savings or checking account.
  - ☐ I have my account information with me.
- ☐ I need a new bank account or prepaid card for my refunds.
- ☐ I want to split my federal refund into multiple bank accounts.
- ☐ I want to receive a check in the mail.

Save + Win!
Save your refund and enter to win $100!

If you have a balance due, how do you want to make a tax payment?

- ☐ I need more information so I can pay later.
- ☐ I want the payment to come out of my checking or savings account.

P+P TAX INTAKE SHEET PAGE 2

PERMISSION TO USE YOUR INFORMATION

Review the Prepare + Prosper (P+P) Permission to Use Your Information handout and the consents below.
If you choose "no" for any of these consents, P+P cannot e-file your tax return, and you will receive paper copies to sign and mail.

- P+P may keep an electronic copy of my tax return for up to 6 years. ☐ Yes ☐ No
- P+P may use anonymous data containing tax return dollar amounts for marketing, fundraising, or other non-fundraising activity. This allows us to count you in our statistics when we apply for funding or share data with our partners. We do not use personally identifiable information. ☐ Yes ☐ No
- P+P may disclose my tax return information to TaxSlayer (our tax preparation software) to e-file my tax return, and TaxSlayer may disclose my tax return information to P+P for follow-up. ☐ Yes ☐ No

Taxpayer signature ____ Date ___________

Spouse signature ____ Date ___________

MINNESOTA TAX INFORMATION

1. Were you a resident of Minnesota the entire year? ☐ Yes ☐ No

2. Did you make Minnesota estimated income tax payments in 2024? ☐ Yes ☐ No

If yes, how much did you pay? $________________

3. Did any of the following situations apply to you or your spouse in 2024? Check boxes below.

☐ **None of the following situations apply.**

☐ Made student loan payments
☐ Had a child born in 2024
☐ Experienced a stillbirth
☐ Donated an organ
☐ Paid for long-term care insurance
☐ Received a public pension
☐ Received an AmeriCorps education award
☐ Completed a masters degree (teachers only)
☐ Received military service pension/retirement pay
☐ Contributed to a 529 College Savings Plan
☐ Received a sexual harassment/abuse settlement
☐ Earned income while living on an a reservation

4. Did you pay for K-12 school expenses or supplies for your child in 2024? ☐ Yes ☐ No

If yes, did the child attend public, private, or home school? ____________________________

What grades was the child attending in 2024? ______________________________________

Volunteer Notes

____

____

P+P TAX INTAKE SHEET PAGE 3

RENTERS ONLY

Starting this year and going forward, the renter's credit is now part of your state tax return (Form M1). Here's what that means for you:

- You'll need all of your Certificate of Rent Paid (CRP) forms to file a complete return.
- The renter's credit amount will be combined with your state tax refund.
- The refund will arrive shortly after filing, instead of being sent separately in the summer.

Do you have all of your Certificate(s) of Rent Paid (CRP)?

☐ Yes ☐ No ☐ Not yet ☐ Not applicable

HOMEOWNERS/MOBILE HOME OWNERS ONLY

1. **Did you or your spouse receive any nontaxable income not listed elsewhere? Do not include child support, SNAP/food assistance, energy assistance or income from a dependent.**

☐ No, I did not receive any additional income

☐ SSI (not Social Security benefits) $___________per month or year

☐ State benefits (such as MFIP, MSA, GA or Emergency Assistance) $___________per month or year

☐ Worker's compensation $___________per month or year

☐ Scholarships or grants $___________per month or year

☐ Other type of income _________________________ $___________per month or year

2. **Did you rent out part of your home or use it for business?**

☐ Yes ☐ No ☐ Not applicable

3. **Do you have your 2025 Property Tax Statement?**

☐ Yes ☐ No ☐ Not yet

4. **Did you live with someone who is not listed on your tax return?**

☐ Yes ☐ No ☐ Not applicable

ANYONE CLAIMING DEPENDENTS UNDER 17 ONLY

If you qualify, the state of Minnesota is now offering the option of receiving Advanced Child Tax Credit payments. This would allow you to receive some of your future refund money in advance. This would be three payments: in July, September, and November. You will receive the same total refund but the refund you receive when filing next year would be reduced by any advanced payments received.

☐ I would like to learn more about Advanced Child Tax Credit payments

☐ I prefer to get all of my refund at once when filing my 2025 taxes next year

P+P TAX INTAKE SHEET PAGE 4

STOP HERE! THIS SECTION IS FOR TAX PREPARER USE!

Bank Account Documentation

- ☐ Not documented; paper check requested or no refund.
- ☐ Printed document with account information like a voided check or account statement *(included with paperwork for review and do not write below)*.
- ☐ No printed documentation, but customer has information and wrote it below.

Refund Allocations - State refunds will be deposited into Bank Account 1.

Bank account 1 Amount $ ______________________________

☐ Same account for all refunds

Account 1 Routing number: __ __ __ __ __ __ __ __ __

Account 1 Account number: ______________________________

Account 1 type

☐ Savings account
☐ Checking account

Federal refunds will be deposited into Bank Account 2.

Bank account 2 Amount $ ______________________________

☐ Same account for all refunds

Account 2 Routing number: __ __ __ __ __ __ __ __ __

Account 2 Account number: ______________________________

Account 2 type

☐ Savings account
☐ Checking account

Refund Notes: ____

____

____

Balance Due Authorization - Complete and have customer sign if direct debit is requested. Withdrawal date can be April 15 or any date prior.

☐ I authorize a withdrawal of $____________on __________________(date) for payment of my **Federal taxes** from this account.

Direct withdrawal from my: ☐ checking account ☐ savings account

☐ I authorize a withdrawal of $____________on __________________(date) for payment of my **Minnesota taxes** from this account.

Direct withdrawal from my: ☐ checking account ☐ savings account

Taxpayer signature ____ Date: __________________

PREPARE + PROSPER

BOOST YOUR MONEY

Preferred name(s): ____
(taxpayer) (spouse)

Phone number: ______________ Email address: _________________________ Zip code_______

Check in on your financial health and build your financial well-being!
Check the boxes below to access free resources today or get referrals to other Prepare + Prosper (P+P) programs, or to one of our trusted partners.

PREPAID DEBIT CARD
The CFR Focus card is available regardless of credit or banking history. The card has no monthly fee or minimum balance required. It can be used for your tax refund and other deposits.

- ☐ I want to open a CFR Focus card today for my refund to be direct deposited.

BANK ACCOUNTS
P+P FAIR Banking program offers checking and savings accounts with no overdraft fees or minimum balance requirements. They are available regardless of banking history (excluding bank fraud).

- ☐ I want to make an appointment to open an account.

SAVE + WIN: Are you saving all or part of your federal or state refund? Enter our drawing to win $100!

- ☐ I want to save and enter for a chance to win $100.

FINANCIAL COACHING: Work with a P+P Money Mentors financial coach who will meet with you over a 6-24 month period to set a financial goal and develop a plan to reach it.

- ☐ I want to work with a financial coach monthly to help me reach my financial goal(s).

CREDIT SERVICES: P+P can help you access your free credit report or (re)build your credit.

- ☐ I want to get a copy of my credit report today.
- ☐ I want to fill out a request form today to receive a copy of my free credit report by mail.
- ☐ I have little or no credit history and want to get more information about a credit builder loan.

PAYDAY LOAN HELP: Exodus Lending helps Minnesota families break the cycle of predatory loan debt with a refinancing program that has 0% interest and no fees.

- ☐ I have a predatory loan and would like more information about Exodus Lending.

Continue

P+P BOOST YOUR MONEY FORM PAGE 2

FREE FINANCIAL PLANNING: A Certified Financial Planner® is a financial expert who can meet with you for a free one-time consultation.

- ☐ I would like a financial planner to call me to set up an appointment to discuss:
  - ☐ Retirement savings or distribution options
  - ☐ Appropriate life insurance coverage
  - ☐ Opening a 529 College Savings Plan
  - ☐ Investing

FINANCIAL COUNSELING: LSS Financial Counselors are certified experts in helping people with issues like student loan repayment, credit card debt, and first-time homebuyer programs.

- ☐ I would like to meet with an LSS financial counselor regarding:
  - ☐ Student loans and/or understanding repayment options
  - ☐ Credit card debt
  - ☐ First time homebuyers information

CHILD SAVINGS ACCOUNTS (Saint Paul Residents Only): CollegeBound provides a college savings account with $50 for each child who lives in Saint Paul and is born on or after January 1, 2020.

- ☐ I am a resident of Saint Paul and have a child born on or after Jan 1, 2020.
- ☐ I am currently expecting a child and live in Saint Paul.
- ☐ My child is already enrolled in CollegeBound.

☐ **I am not interested in any of the programs or services offered here.**

Consent to share information

By signing below, I give Prepare + Prosper consent to share the above contact information with the organization(s) I am requesting referrals for. This consent is valid for one year from today.

Signature: ______________________________ Date:______________

Can we text you regarding your financial referrals*? ☐ Yes ☐ No

*We will never send any sensitive financial information or any personally identifiable information via text.

STOP HERE! OFFICE USE ONLY!

VOLUNTEER CHECKLIST: Follow this checklist for each service or referral that is of interest to the customer.

- ☐ **Initial details:** I shared details of the referral or service and ensured the customer is eligible.
- ☐ **Resources:** I provided a handout or brochure for each referral/service requested.
- ☐ **Consents:** The customer signed the consent to share data for each referral/service requested.
- ☐ **Financial Services Log:** I logged the customer information on paper financial services log.
- ☐ **Tracking form:** I recorded the customer's name and the referrals/services requested in the online financial services tracking form **www.tinyurl.com/fstracker2025**
- ☐ **Next steps:** I explained next steps for each referral/service requested.

Referral Notes (add to online tracking form)

____

P+P VOLUNTEER CHECKLISTS

Customer's preferred name: ________________

Appointment time and number: _____________

Tax year(s) needed:_________________________

Screening Checklist

Volunteer name: __________________________

- ☐ **Process:** Explained the clinic process.
- ☐ **Joint return:** If filing jointly, both spouses are present.
- ☐ **Picture ID:** Viewed proof of identity for taxpayer and spouse.
- ☐ **SSN/ITIN:** Viewed SSN/ITIN verification for all people on the tax return.
- ☐ **Income guidelines:** Total is within P+P limits:
  - o $40k for single filers; $70k for families
  - o More than $10k of self-employment income – refer to SE clinic
- ☐ **P+P scope:** No common out-of-scope issues.
  - o Renting property to another person
  - o Active military or national guard duty
  - o Cryptocurrency transactions
  - o Bankruptcy filed or pending
- ☐ **Customer envelope:** Name, appointment time, and number written on the envelope.
- ☐ **Tax documents:** Taxpayer confirmed that all tax documents are present.
- ☐ **Renter's credit:** If filing a renter's rebate, checked if taxpayer has all CRP forms.
- ☐ **Direct Deposit**: Asked if taxpayer's direct deposit information is available or if new direct deposit options are needed.
- ☐ **Financial Services:** Informed the taxpayer that a volunteer will follow up about options on the Boost Your Money form.

------------*When paperwork is complete*------------

- ☐ **Intake sheets:** Verified that all intake questions are answered.

Certification level: If Advanced, write topics.

- ☐ Basic
- ☐ Advanced

IRS intake Part ______________________

IRS intake Question # ________________

Preparation checklist

Volunteer name: _________________________

If a checklist item is not applicable, write N/A next to the checkbox.

- ☐ **Screening checklist** completed.
- ☐ **SSN/ITIN verification:** Source documents present for everyone on return.

I conducted a taxpayer interview:

- ☐ All parts of the IRS and P+P intake sheets completed.
- ☐ Correct filing status determined.
- ☐ Shaded dependency section completed.
- ☐ P+P consents answered and signed.
- ☐ Made notes in relevant parts of all intake sheets.

- ☐ **Boost Your Money Form:** Taxpayer completed the form, and a CSV received it.
- ☐ **Supplemental worksheets:** Completed worksheets for education credits and/or SE income (SETO), if needed.
- ☐ **Renter's credit:** Confirmed if all CRPs present or not and explained refund timeline changes.
- ☐ **ACTC payments:** Talked through options for advanced payments using handout.
- ☐ **Paper file:** If applicable, wrote notes about reason for paper filing.
- ☐ **Refund Savings:** Discussed saving, splitting, and Save + Win contest and connected savers to a CSV.
- ☐ **Refund or balance due options:** Completed Preparer Use section on the P+P intake sheet.
- ☐ **Ready for Review:** "Ready for Review" marked in the TaxSlayer E-file Section.
- ☐ **Follow up later:** Gave customer an Amendment Request form or Homeowner Info sheet, if needed.
- ☐ **Documentation:** Included source documents in the customer envelope.

Expected refund or (balance due):

Federal_________________ MN_____________

MN Property_______________

Notes from Screening or Preparation ____

____

P+P VOLUNTEER CHECKLISTS PAGE 2

Review checklist

Volunteer name: ___________________________

If a checklist item is not applicable, write N/A next to the checkbox.

☐ **Screening and preparation checklists** completed.

Reviewed all the following:

- ☐ Names and SSN/ITINs for everyone on the return from source documents.
- ☐ Birthdates from the IRS intake sheet.
- ☐ Filing status.
- ☐ Phone number and address, including apartment number, from IRS intake sheet.
- ☐ All income listed on source documents and intake sheet is reported.
- ☐ All important info from forms W2, 1099-R and 1099-NEC was entered correctly.
- ☐ All significant answers on the intake sheets are reflected on tax return.

If applicable, reviewed the following:

- ☐ Self-employment income and expenses are entered correctly.
- ☐ Education credits and scholarship entries optimize the tax benefits.
- ☐ Dependency checkbox is marked if the taxpayer is a dependent.
- ☐ All available tax credits are claimed.
- ☐ MN household income is on M1PR.
- ☐ Disability subtraction is on M1RENT or M1PR.

☐ **Return types:** Verified return types set for federal and state returns.

☐ **Direct deposit/debit:** Double-checked routing and account numbers.

☐ **Tags:** Checked boxes for appropriate tags.

☐ **Approved review:** Clicked “Approve” button.

☐ **Marked complete:** Marked the Complete box.

☐ **P+P paperwork:** Stapled all P+P intake paperwork with Form 8879 on top.

☐ **Customer envelope:** Wrote refund or (balance due) and enclosed a tax return copy and all taxpayer documents.

☐ **Extras:** Included a saver quote, balance due handout, payment vouchers, or mailing envelopes, if needed.

☐ **Reviewer log:** Return data is recorded.

☐ **Closed PDF:** Tax return PDF is closed.

Refund or (balance due) if changed:

Federal_________________ MN_________________

MN Property________________

Why? _______________________________________

Checkout checklist

Volunteer name: ___________________________

If a checklist item is not applicable, write N/A next to the checkbox.

☐ **Documents returned:** Returned SSN cards, ITIN letters, and photo IDs.

☐ **Refund or balance due:** Shared final amounts.

☐ **Summary sheet:** Taxpayer(s) reviewed and verified ALL names, SSN/ITINs, and birthdates as well as address and phone number.

☐ **Direct deposit:** Taxpayer verified account and routing numbers.

☐ **Balance due:** Taxpayer confirmed payment method, and I explained payment options using the Paying a Balance Due handout, if needed.

☐ **Boost Your Money Form:** Ensured all financial referrals and services requests were received.

☐ **Savers:** Confirmed Save + Win entry and provide a saver quote, if needed.

☐ **Return approval:** Before signing Form 8879 or paper returns, I informed the taxpayer: By signing, you agree that your return is true, correct, and complete, and that you are responsible for the information reported.

E-file return (2024, 2023, and 2022): *Keep Form 8879 and intake paperwork for P+P records*.

- ☐ Taxpayer(s) signed Form 8879 to authorize e-filing.
- ☐ Shared that P+P will e-file returns and follow up only if there are issues.

Paper return: *Keep intake paperwork for P+P records. No Form 8879 required.*

- ☐ Taxpayer(s) signed returns, and I provided envelopes for mailing returns to IRS and MDOR.
- ☐ Confirmed that taxpayer must mail paper filed returns.

☐ **Refund tracking:** Used customer envelope to share IRS and MDOR websites and phone lines for tracking refund or return status.

☐ **Advance Child Tax Credit review:** I reviewed and confirmed final info with customer from the handout and that they signed the portion that P+P keeps.

☐ **Renter’s credit changes:** Pointed out and confirmed the taxpayer knows renter’s credit refund timeline changes.

☐ **Questions:** Asked if the customer had any questions and answered them.

Additional notes

____

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Prepare + Prosper strives to prepare an error-free and useful manual each year. If you uncover an error or have a suggestion for improvement, please send an email to volunteer@prepareandprosper.org.

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