

ADVANCED TAX TOPICS TRAINING

TAX YEAR 2023 ACTIVITIES

SELF-EMPLOYMENT EXPENSES – WHAT QUALIFIES?

Lionel

Lionel has his own photography business. He writes the following expenses on the SETO, which qualify and which to not? What other questions would you ask Lionel?

- Zoom lens - \$519
- Studio space rental - \$6,600
- Business miles – 2,520 (Commuting miles – 385 Personal miles – 2,100)
- Parking tickets -- \$115
- Photo backdrop - \$36
- USB drives - \$130
- Website fees - \$119
- Photo props - \$30
- Acuity Scheduling - \$49
- Adobe subscription - \$720
- Meals while working - \$412

Christine

Christine has a full-time job as an employee, but also works as a Lyft driver in the evenings and on weekends to make extra money. She doesn't think she has any expenses to report. What follow-up questions would you ask Christine? What next steps would you advise?

Cally

Cally is a self-employed interpreter and translator. She works with several different interpreter placement agencies to pick up work. She often works from home doing translations for clients and interpreting in virtual meetings.

- Medical interpreting certification test: \$165
- Business cards: \$39.99
- Printer paper: \$2.68
- Office supplies: \$9.40
- World Languages Inc (professional organization) renewal: \$42
- Dress clothes: \$363
- Business miles: 10,461 (Commuting miles: 1,940 Personal miles: 3,086)
- Parking fees: \$340
- American Translators Association membership: \$134

ITEMIZED DEDUCTIONS – WHO SHOULD ITEMIZE?

Jayden

Jayden files on his own. His total income is \$36,000 from a job. He had \$1,300 in Minnesota tax withheld. As potential deductions he shares that he paid:

- \$3,000 in medical expenses
- \$600 in dental expenses
- \$900 in charitable contributions
- \$2,600 in real estate taxes
- \$1,400 in mortgage interest
- \$120 in car registration tax
- \$250 in gambling losses (Jayden did not win any money gambling)

Yes	No	Unsure	Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Contributions or repayments to a retirement account? <input type="checkbox"/> IRA (A) <input type="checkbox"/> Roth IRA (B) <input checked="" type="checkbox"/> 401K (B) <input type="checkbox"/> Other
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. Any of the following? <input checked="" type="checkbox"/> (A) Medical & Dental (including insurance premiums) <input checked="" type="checkbox"/> (A) Mortgage Interest (Form 1098) <input checked="" type="checkbox"/> (A) Taxes (State, Real Estate, Personal Property, Sales) <input checked="" type="checkbox"/> (B) Charitable Contributions
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (B) Child or dependent care expenses such as daycare?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (A) Expenses related to self-employment income or any other income you received?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (B) Student loan interest? (Form 1098-E)

Yvette and Toni

Yvette is helping her mother, Toni, with her taxes. She has an IRS Power of Attorney. Toni's income comes from a pension and Social Security. The pension is \$25,000 and fully taxable. She has \$3,000 of taxable Social Security. Toni moved into a nursing home this year and had significant medical expenses. Yvette brought documentation of these expenses:

- \$9,000 in medical expenses
- \$1,700 in Medicare Part B insurance premiums
- \$18,000 in nursing home costs
- \$2,200 in real estate taxes (on the home Toni will be selling this year)

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Crystal and Damien

Crystal and Damien file jointly. They are renters and have a total of \$49,000 in income from their two jobs (with \$2,200 in Minnesota tax withheld). They donated \$600 in cash to charity, and they also helped a friend by donating \$100 to a GoFundMe page when the friend's house burned down. Crystal and Damien paid some medical expenses, but they aren't exactly sure of the amount. Insurance covered everything except the \$20 co-pay at a few doctor visits. They also paid registration taxes for two cars, but they don't remember how much that cost.

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ADVANCED, BASIC, OR OUT OF SCOPE?

Diamond

Diamond has two children and both are in college. She will claim them both as dependents, and she has Form 1098-T for each child. Last year she got a tax credit last year for her older child and hopes that both will qualify now that they are both working on four-year degrees.

Charles

Charles works as a self-employed house painter in addition to working as an employee in a UPS warehouse part-time. He has a two-car garage at home, and dedicates half of it to storing supplies for his business. He made \$8,600 last year painting and \$31,000 working at UPS.

Scott

Scott graduated from college last year and started working as a computer programmer in September. His income from work was \$26,000. While he was in college, Scott opened a few credit cards and couldn't keep up with the payments. In May of last year, he remembers getting a letter from one of the companies saying he didn't need to pay the remaining balance due, and in January he received Form 1099-C showing \$1,126 as discharged debt.

Krissy

Krissy is 48 years old, and last year she took \$2,000 out of her 401k retirement account. She needed the money to pay an arborist to remove two trees that were at risk of falling on her home. Krissy also has a W-2 showing wages of \$37,200.

Kyle

Kyle worked a full-time job as an employee at a construction firm but was laid off during the winter months. In addition to the \$49,000 he made while working, he collected \$5,400 in unemployment, and \$12,300 as an Uber driver. While he was off work, he made some major improvements to his home to make it more energy efficient. He installed new windows and doors and a new furnace.