

# Main Information

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Taxwise Online Desktop

IRS Training Workbook

MAIN INFORMATION

# IRS Training Workbook

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# Taking This Course

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This book contains the information presented in the media versions of the lesson in a readable format. This allows you to follow along with the lesson and take notes. This manual can be used as a teaching resource later.

Each lesson includes a video presentation and a manual; all videos are interactive. In order to get credit for the lesson, listen to the recording and answer the questions.

There is additional information on SFS University under PrepWise; if you need additional information on preparing a tax return or tax laws please refer to the lessons on Link and Learn.

# Main Information Page

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## Objectives

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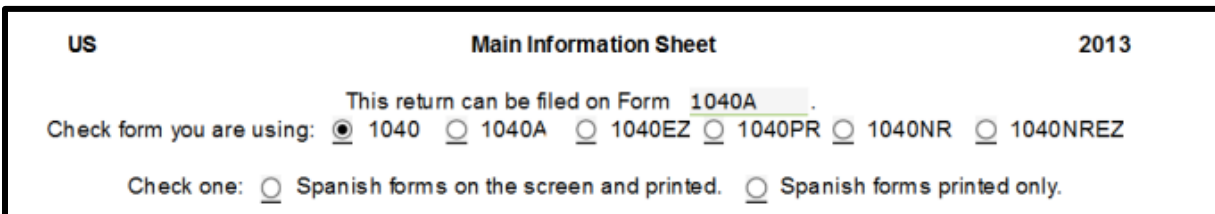
After completing this lesson, you should be able to:

- Complete the Main Information Page
- Select a Filing Statuses
- Enter Personal Exemptions
- Enter Dependant Exemptions

## Type of Return

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You must complete the Main Information Sheet first before proceeding to any other form in the return. The information you enter on the Main Information Sheet carries to other areas in the return and is required for some calculations.



The screenshot shows the 'Main Information Sheet' for the year 2013. It includes a header with 'US' on the left and '2013' on the right. Below the header, it states 'This return can be filed on Form 1040A'. The main section is titled 'Check form you are using:' and lists several options with radio buttons: 1040 (selected), 1040A, 1040EZ, 1040PR, 1040NR, and 1040NREZ. At the bottom, there is a section titled 'Check one:' with two options: 'Spanish forms on the screen and printed.' (selected) and 'Spanish forms printed only.'

## Which Form to file

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At the top of the Main Information Sheet, TaxWise Online indicates which main form to use:

- Form 1040.
- Form 1040A.
- Form 1040EZ.
- Form 1040 PR.
- Form 1040NR.
- Form 1040NR-EZ.

Leave the setting on the default, which is 1040, until you have typed all the information in the tax return. When you are finished with the return, revisit the Main Information Sheet to see which form TaxWise Online recommends. If you do want to choose Form 1040A or 1040EZ, select the appropriate check box and data carries to that form.

For example, Schedule B data carries automatically to either Form 1040 or Form 1040A.

Whenever possible, type data on the supporting form and not directly on Form 1040; Amounts that are typed directly on Form 1040 do not transfer automatically to Form 1040A or 1040EZ.

Example: Supporting Forms: Unemployment income does not transfer to Form 1040A or 1040EZ if you type it directly on Form 1040, line 19. However, if you type unemployment on Form 1099-G, it carries to whichever primary form you select.

### **Form 1040PR**

Only volunteers who have certified in the Puerto Rico course should complete these returns. Form 1040PR is for taxpayers who earned income in Puerto Rico and need to report the amounts. Residents of the U.S. Virgin Islands (USVI), Guam, American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI), and the Commonwealth of Puerto Rico (Puerto Rico) use Form 1040-SS.

If you are preparing Form 1040PR, do the following:

1. Select the 1040PR check box at the top of the form.
2. Then type in the taxpayer's name, address and other information.
3. Designate the states you want to file in the state section.
4. Select **E-file ONLY** as the type of return.
5. Fill in your preparer information.

You may also be required to file an income tax return with the government of Guam, American Samoa, the USVI, the CNMI, or Puerto Rico. Check with your local tax office for more details.

### **Form 1040NR/EZ**

Form 1040NR and 1040NR-EZ are different than Forms 1040, 1040A and 1040EZ because these forms are used for nonresident aliens. Nonresident aliens are required to enter different types of information on that return. For instance, the filing statuses are different.

If you are preparing Form 1040NR or 1040NR-EZ, do the following on the Main Information Sheet:

1. Select the **1040NR** or **1040NR-EZ** check box at the top of the form.
2. Then type in the taxpayer's name and address and other information.
3. Designate the states you want to file in the state section.
4. Select **Paper** as the type of return.

Fill in your preparer information. Only volunteers who have certified in the International course or the Foreign Student course are able to prepare return for non-residents

Taxpayers may be a resident of the United States for tax purposes, even if they are not a U.S. citizen or a legal immigrant.

*There is a diagram in the white Who Must File tab of the IRS Publication 4012 that will help you determine residency status for the taxpayer.*

## Spanish Forms

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Spanish versions of common tax forms are available in TaxWise Online. You can either display and print forms in Spanish, or you can just print forms in Spanish. However, remember, you cannot submit Spanish forms to the IRS in most cases. Make sure the IRS has an actual Spanish version of the form before submitting a Spanish form to the IRS. Select either the **Spanish forms on the screen and printed** check box or the **Spanish forms printed only** check box.

If you are performing the steps of this lesson in TaxWise Online, select the **Spanish on the screen and printed** check box. After you make your selection, click any other form in the tree and then return to **Main Info** on the forms tree.

TaxWise Online displays the Main Information Sheet in Spanish.

There are more than fifty forms and schedules available in Spanish. To find a complete list, go to the Main Information Sheet in TaxWise Online and press **F1** to open TaxWise Online Help. Scroll to the **Spanish Forms** section and click the link **Forms available in Spanish**.

To view TaxWise Online Help in Spanish click the link at the top of the help file [Haga clic para ver en español](#)



# Taxpayer Information Section

The first section of the Main Information Sheet contains these fields:

- The taxpayer and spouse Salutations
- The taxpayer and spouse Social Security numbers
- The taxpayer and spouse names
- The mailing address
- e-mail address
- Telephone numbers
- Birth dates
- Occupations

US		Main Information Sheet				2013
This return can be filed on Form <u>1040A</u> .						
Check form you are using: <input checked="" type="radio"/> 1040 <input type="radio"/> 1040A <input type="radio"/> 1040EZ <input type="radio"/> 1040PR <input type="radio"/> 1040NR <input type="radio"/> 1040NREZ						
Check one: <input type="radio"/> Spanish forms on the screen and printed. <input type="radio"/> Spanish forms printed only.						
Sal.	Your first name	Initial	Last name	Suffix	Your SSN	
					276-54-9635	
If filing a <b>JOINT</b> return, enter your spouse's						
Sal.	First name	Initial	Last name, if different from yours	Spouse's SSN		
<b>Mailing address</b>						
Name line 2. Use % for care of						
Present home address						
Zip code, city, and state						
Email address						
<b>Telephone numbers</b>						
			<b>Taxpayer</b>	<b>Spouse</b>		
Daytime						
Evening						
Cell phone						
Foreign phone						
<b>Birth date</b>						
Age for Federal tax purposes			<u>0</u>	<u>0</u>		
Taxpayer's occupation						
Spouse's occupation						

## Salutations

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The taxpayer and spouse salutation fields are not required for an IRS electronic return; the information selected for the salutation field displays as a salutation in a client letter. You can choose from the pre-defined history list or type in your own salutation. The pre-defined history is:

- Mr
- Mrs
- Miss
- Dr
- Sr
- Sra
- Srta

## Social Security Number

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The primary taxpayer's Social Security number completes automatically based on the Social Security number you enter when you start a new return.

Incorrect SSNs are one of the leading cause of rejected returns. If the SSN was entered incorrectly during the Start New Return process, you can enter the correct SSN now.

If the return will be filed jointly with a spouse, enter the spouse's Social Security number in the Spouse's Social Security number field.

Valid Ranges for Social Security numbers are:

001-01-0001 through 699-99-9999

700-01-0001 through 733-99-9999

750-01-0001 through 763-99-9999

764-01-0001 through 899-99-9999

Social Security numbers must be in these ranges so that returns are not rejected. When typing Social Security numbers in TaxWise Online, only type the numbers, TaxWise Online inserts the hyphens. If the Social Security number is not valid, the program does not calculate the earned income credit. See the IRS web site for more information on the earned income credit eligibility.

## Name

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A name not matching the IRS Master File is one of the major causes of rejected returns. The first four letters of the taxpayer and the spouse's last name must match the name control on file with the Social Security Administration. The IRS rejects electronically filed returns if names do not match the name controls they have on file. To ensure accuracy, verify the name and SSN with the Social Security card.

## **Taxpayer's Name**

Type the taxpayer's first name, middle initial, last name and suffix.

## **Spouse's Name**

Type the spouse's first and middle initial. Type the spouse's last name only if it is different from the taxpayer.

The spouse's last name must match the name on the IRS file with the information provided them from the Social Security Administration. The taxpayer should notify the Social Security Administration in the event of marriage, divorce, or other life change.

## **Mailing Address**

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Type the taxpayer's mailing address in the Present home address field. This includes Domestic, US Possession and military FPO/APO addresses. If you type a United States address, do not type a foreign address in the **Foreign Address** fields.

Type the ZIP Code in the **Zip Code** field.

### **Zip Code Locator**

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When typing the address, you can move your cursor directly to the ZIP code box. Type the ZIP Code and TaxWise Online enters the correct city and state in the city and state fields. This is the TaxWise Online ZIP Code Locator. Press the **Tab** key to move to the next field, and TaxWise Online enters the correct city and state.

### **Name Line 2**

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Use the **Name Line 2** field only if the address requires two lines or if an "in care of" address is used. Use the percent sign (%) followed by a space and the name to be used for in care of delivery. Do not use any other punctuation in the entry.

### **Deceased Taxpayer/Spouse**

In the event of a deceased taxpayer or spouse, you must use **the Name Line 2** field to type the name of the surviving spouse if the filing status is married filing jointly, or a personal representative such as an executor, administrator, or anyone who is in charge of the deceased taxpayer's property.

When you print the return, TaxWise Online prints the date of the death and the word Deceased next to the deceased person's name above the address area at the top of 1040 page 1, as required by the IRS.

DECEASED John Sample 09/07/2012			
Form <b>1040</b> Department of the Treasury - Internal Revenue Service (99) <b>U.S. Individual Income Tax Return</b>		OMB No. 1545-0074	IRS Use Only-Do not write or staple in this space.
For the year Jan. 1-Dec. 31, 2011, or other tax year beginning _____, 2011, ending _____, 20		See separate instructions.	
Your first name and initial John Sample	Last name	<b>Your social security number</b> 111-11-1111	
If a joint return, spouse's first name and initial	Last name	<b>Spouse's social security no.</b>	
Home address (number and street). If you have a P.O. box, see instructions. 111 Test St & Jane		Apt. no.	▲ Make sure the SSN(s) above and on line 6c are correct.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). ALAMO GA 30411			
Foreign country name	Foreign province/county	Foreign postal code	<b>Presidential Election Campaign</b> Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse

If using Form 1310, the "Name of Claimant" must match exactly as the name entered on Name Line 2 (without the percent sign and space). Do not enter a percent sign (%) on Form 1310. If neither situation applies, leave Name Line 2 blank.

## E-Mail Address

Type the e-mail address of the taxpayer in the **Email address** field.

## Telephone Number

Type the telephone numbers of the taxpayer and spouse in the **Daytime, Evening, Cell phone, and foreign phone** fields.

Remember not to use punctuation in telephone number field.

## Birth Date

Type the birth dates for the taxpayer and spouse in the Birth date fields. In the birth date fields, you must type all four digits of the year. The birth date is used for loading many forms that may be needed in a return. The birth date is also required for taxpayers qualifying for earned income credit with no dependents. TaxWise Online recommends that the birth date be entered because the taxpayer may be entitled to age-related benefits on both the Federal and state returns.

## Age for federal Tax Purposes

Generally, a person's age for tax purposes is his or her age on the last day of the tax year. However, a person born on January 1, 1949 is considered to be age 65 for tax purposes for tax year 2013. The age is displayed in TaxWise Online for the preparer's information only and does not print on the tax return.

# Occupation

Type the occupation of the taxpayer and spouse. For this lesson, both the taxpayer and spouse are teachers. The occupation data automatically carries to the appropriate entries on the return.

# Foreign Address

Remember; do not type both a United States address and a foreign address. Type the street address, city, state and/or province, and postal code. Follow the country's practice for entering the postal code. To reduce IRS rejects, do not abbreviate the name of the country. If you type a foreign address, the program does not calculate the earned income credit. If the return is for a Canadian resident, the address should be put entirely on the foreign street address line. Leave Zip code, city, and state blank. For assistance locating a country code, press the F1 function key to open TaxWise Online Help files. Scroll through the information to the link which will display a chart with Country Codes for 1040.

Foreign Address	
Foreign street address	
Foreign city	
Foreign province / state	
Foreign Zip code	
Combined foreign city / province / Zip	
Foreign country. Do not abbreviate	
Foreign country code	

# Taxpayer Information

The **Taxpayer Information** section on the Main Information Sheet contains disaster designation, special military processing, excluding income from Puerto Rico, blind exemption, disability exemption, and taxpayer and spouse dates of death.

Taxpayer Information	
Special processing	
Are you excluding Puerto Rico income from this tax return? If "Yes", enter the amount of income excluded	<input type="radio"/> Yes <input checked="" type="radio"/> No 0
Check if blind	<b>Taxpayer</b> <input type="checkbox"/> Yes
Check if totally and permanently disabled	<input type="checkbox"/> Yes
Date of death, ONLY if in 2013 or 2014	
This tax return is being filed by	<input type="checkbox"/> the surviving spouse or <input type="checkbox"/> someone else.
Presidential Election Campaign	Check here if you, or your spouse if a joint return, want \$3 to go to this fund <input type="checkbox"/> You <input type="checkbox"/> Spouse

## Special Processing

If the taxpayer qualifies for special processing, select one of the options from the drop-down list on the **Special processing** field. Select the location of deployment or select Combat Zone for multiple or unknown locations of service. This information is included in the IRS e-file and prints at the top right of the 1040 form.

DECEASED John Sample 09/07/2012		Desert Storm	
<b>1040</b> Department of the Treasury - Internal Revenue Service (99) <b>U.S. Individual Income Tax Return</b>	<b>2011</b> OMB No. 1545-0074	IRS Use Only-Do not write or staple in this space.	
For the year (Jan. 1-Dec. 31, 2011, or other tax year beginning), 2011, ending 20	See separate instructions.		
Your first name and initial John Sample	Last name	<b>Your social security number</b> 111-11-1111	
If a joint return, spouse's first name and initial	Last name	<b>Spouse's social security no.</b>	
Home address (number and street). If you have a P.O. box, see instructions. 111 Test St	Apt. no.	▲ Make sure the SSN(s) above and on line 6c are correct.	
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). ALAMO GA 30411	Foreign province/country	<b>Presidential Election Campaign</b> Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.	<input type="checkbox"/> You <input type="checkbox"/> Spouse
Foreign country name			

## Puerto Rico Exclusion

You must select either the **Yes** or **No** check box to show whether the taxpayer is excluding income from Puerto Rico. If the taxpayer is excluding income from Puerto Rico you must type the amount excluded on the next line.

IRS VITA This field is defaulted to No in the tax form defaults delivered with the desktop application and in the Master Template delivered with TaxWise Online

## Blind

Select the **Check if blind** check box if the taxpayer or spouse qualifies for the blind exemption.

### Partial Blindness

If the taxpayer or spouse was partially blind as of December 31, 2013, the taxpayer/spouse must get a statement certified by an eye doctor or registered optometrist that:

The taxpayer or spouse cannot see better than 20/200 in his or her better eye with glasses or contact lenses, or

The taxpayer or spouse's field of vision is 20 degrees or less.

If the taxpayer or spouse's eye condition is not likely to improve beyond the conditions listed above, the taxpayer or spouse can instead get a statement certified by an eye doctor or registered optometrist to this effect.

Taxpayers must keep that statement for their records.

## Check if totally and permanently disabled

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Select the applicable **Totally and Permanently Disabled** check box if the taxpayer or spouse is totally and permanently disabled. This information does **not** affect the federal return, but may trigger certain benefits on the state return.

The definition of "totally and permanently disabled" varies from state to state. Look at the government instructions for the state return for the definition.

Also see TaxWise Online help for the state package. To view instructions for the state individual packages press **F1** while on a state form.

## Disability

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Select the **Yes** check box if the taxpayer or spouse is totally and permanently disabled. This check box is for state purposes only.

## Date of Death

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If the taxpayer or spouse died in 2013 or 2014, type the date of death in the **Taxpayer or Spouse** field.

If the taxpayer or spouse died during the year, the date of death prints across the top of the return next to the name as required by the IRS.

You must go to **Name Line 2** in the address area at the top of the Main Information Sheet and type the name of the person filing the return for the deceased person.

For example, if the taxpayer died and there is a surviving spouse, type the surviving spouse's name in Name Line 2 field, after the % sign. This tax return is being filed by field calculates based on the filing status of the return. If this return has a filing status of married filing jointly, the surviving spouse check box is selected. If this return has a filing status other than married filing jointly, TaxWise Online selects the someone else check box.

## Presidential Election Campaign Fund

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Select the **You** or **Spouse** check box to denote whether the taxpayer or the spouse would like \$3 to go to the Presidential Election Campaign Fund.

Selecting one of these does not change the tax due or the amount of the expected refund. Selecting either of these gives the government permission to transfer \$3.00 of the income tax collected from that individual from the general tax fund to the campaign fund. This fund is allocated to presidential candidates based on the amount of money each candidate has received from small contributions of individuals.

# Filing Status Section

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There are five filing statuses. These are:

- Single.
- Married filing jointly.
- Married filing separately.
- Head of household.
- Qualifying widow or widower with a dependent child.

**Filing Status and Exemptions**

1  Single

2  Married filing jointly (even if only one had income)

3  Married filing separately  
Spouse's first name: \_\_\_\_\_ Last name: \_\_\_\_\_ SSN: \_\_\_\_\_  
Did your spouse ever live with you in 2013?  Yes  No  
If "Yes", did you and your spouse live together at anytime after  
June 30, 2013?  Yes  No  
Married filing separately, only. If the state in the address above is a  
community property state (AZ, CA, ID, LA, NV, NM, TX, WA, or WI),  
or a return is being filed to one of these states, answer the following  
questions.  
Military. Is this your home of record?  Yes  No  
If "Yes", fill in Form 8958.  
Others. Are you a resident of this community property state?  Yes  No  
If "Yes", fill in Form 8958 and use Form 1040.  
If "No", you CANNOT e-file this return.

4  Head of household (with qualifying person). If the qualifying person is a child but not your  
dependent, enter the child's name \_\_\_\_\_ and social  
security number \_\_\_\_\_. A self-supporting child who lives with you IS NOT  
a qualifying person.

5  Qualifying widow(er) with dependent child      Year spouse died (2011 or 2012 only): \_\_\_\_\_

If more than one filing status applies to the taxpayer, choose the one that gives the taxpayer the lowest tax. You must determine the filing status before you can determine your filing requirements, standard deductions, and correct tax. The filing status is also used to determine whether the taxpayer is eligible to claim certain deductions and credits.

Selecting a filing status on the Main Information Sheet is simple. First, select the appropriate filing status check box. Remember, the filing statuses are single, married filing jointly, married filing separately, head of household, and qualifying widow or widower with dependent child.



## Single

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Select single to indicate that the taxpayer is not married and does not qualify for another filing status or if any of the following were true on December 31, 2013:

- The taxpayer was never married.
- The taxpayer was legally separated, according to state law, under a decree of divorce or separate maintenance.
- The taxpayer was widowed before January 1, 2013, and did not remarry in 2013. But if the taxpayer has a dependent child, he or she may be able to use the qualifying widow(er) filing status.

## Married Filing Jointly (even if one had no income)

---

Select married filing jointly to indicate that this is a married filing jointly return or if any of the following apply:

- The taxpayer and spouse were married as of December 31, 2013, even if they did not live together at the end of 2013
- The taxpayer or spouse died in 2013 and the surviving person did not remarry in 2013.
- The taxpayer and spouse were married as of December 31, 2013, and one of them died in 2014 before filing a 2013 return.

. A married couple can file a joint return even if only one had income or if they did not live together all year. However, both persons must sign the return. If the taxpayers file a joint return for 2013, they cannot, after the due date for filing that return, amend it to file as married filing separately.

If either spouse was a nonresident alien or dual-status alien, see the IRS instructions and IRS Publication 519, *U.S. Tax Guide for Aliens*.

## Married Filing Separately

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IRS VITA some taxpayers might think they should file separately because their joint refund has been offset to pay a debt that only one spouse owes. If that's the case, the best thing may be for the couple to file a joint return, and the spouse who does NOT owe can complete Form 8379 to show they are an "Injured Spouse." The Injured Spouse procedure allocates the income, deduction and credits to each spouse, and then IRS divides the refund accordingly.

This allows the couple to claim all the tax benefits to which they're entitled, and the "injured" spouse to get his or her share of the joint refund, while the other spouse's refund will be offset to pay the debt.

*IRS PUBLICATION 17 has a nice explanation of Injured Spouse, and also lets us know that filing Form 8379 will delay the refund up to 11 weeks for an e-filed return, or 14 weeks for a paper return.*

Select married filing separately to indicate that the taxpayer and spouse are filing separately. If you select married filing separately, the spouse's name and social security must be entered.

Next, answer the questions, **Did your spouse ever live with you in 2013?** and **If yes, did you and your spouse live together anytime after June 30, 2013?** The answers to these questions affect benefits that are not allowable to spouses filing separately who lived together. Do not fill in spouse information at the top of the Main Information Sheet if you are filing married filing separate.

### **Community Property**

The next questions only apply if the state address is a community property state. Answer these questions only if the filing status is married filing separately and the address is in Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, or Wisconsin, or if you are filing a tax return with any of these states.

Select the **Yes** or **No** check box to answer the question; **Is this your home of record?** If you answer **Yes** to this question, complete in the **Community Property Allocation Worksheet**, which you can find in the **Forms List**.

Select the **Yes** or **No** check box to answer the question: **Are you a resident of this community property state?** If you select **Yes**, complete the **Community Property Allocation Worksheet located in the forms tree** and use Form 1040. If you select **No** to this question, you cannot e-file this return. The return must be mailed to the IRS.

**VITA:** Community property laws may also affect MFS taxpayers. Most volunteer sites consider community property tax law to be out of scope, so if you have a Married Filing Separate return and the taxpayer is a resident of a community property state, talk to your site coordinator and see if you need to refer the taxpayer to a professional. TaxWise Online lists the community property states right here in the MFS section on the Main Info sheet.

### **Head of Household (with qualifying person)**

---

Head of Household filing status is often misunderstood, and it's vital to use the resource material to avoid mistakes

The taxpayer must be unmarried, must have paid more than half the cost of keeping up the home, and must have a qualifying person. Usually, that qualifying person must also be the taxpayer's dependent, but there is an exception for some children of divorced and separated parents. . (Some married persons who live apart may also qualify.) For more information, see the IRS instructions.

Select head of household if you qualify to use the head of household filing status. Type the qualifying child's name and Social Security number only if the qualifying child is not claimed as a dependent. If the taxpayer is not claiming the qualifying person as a dependent, enter the qualifying person's name and SSN here. See IRS instructions for the definition of a qualifying person.

In some circumstances, a taxpayer married to a non-resident alien spouse may be eligible to claim Head of Household. If that's the case, certain information has to be entered into TaxWise Online in Box 6c of the Main Info sheet. Refer to page 22 of IRS PUBLICATION 17 if you encounter this situation.

Use the table in IRS Publication 4102, Tab B to determine if the taxpayer has a qualifying person for head of household. Tab B also has a decision tree and interview notes that you can use to make sure the taxpayer meets all criteria for being Head of Household. As always, be sure to read the footnotes.

## Qualifying Widow(er)(with dependent child)

Qualifying Widow or Widower is a filing status for a taxpayer whose spouse passed away during one of the 2 previous tax years and who has not remarried. The taxpayer must have paid more than half the cost of keeping up a home where he or she lived all year with a dependent child. So, the year of death, the surviving spouse can file a joint return. The two years after that, the survivor might be eligible for Qualifying Widow or Widower. After those 2 years, if they haven't remarried, the survivor will file as Head of Household if they qualify, or they will be Single.

## Exemptions

Exemptions reduce your adjusted gross income. Generally, you can deduct \$3,900 for each exemption you claim in 2013. There are two types of exemptions. These are personal exemptions and exemptions for dependents.

### Personal Exemptions

You are generally allowed one exemption for yourself and, if you are married, one exemption for your spouse. These are called personal exemptions. You can take one exemption for yourself unless you can be claimed as a dependent by another taxpayer.

VITA: Tab C in IRS Publication 4012 contains tables and interview tips that help you determine if a taxpayer can claim their own exemption, or if they are able to claim an exemption for a spouse or dependent.

<b>6 Exemptions</b>	<b>a</b> <input checked="" type="checkbox"/> Yourself	<b>b</b> <input type="checkbox"/> Spouse	Number of boxes checked on 6a and 6b.	<u>1</u>
Check if				
(a) you can be claimed on another person's return				<input type="checkbox"/>
(b) filing status 2 and spouse can be claimed on another person's return				<input type="checkbox"/>
(c) you are using filing status 4 and claiming nonresident alien spouse				<input type="checkbox"/>
Spouse's first name:	_____	Spouse's last name:	_____	
Spouse's SSN or ITIN:	_____			
<b>c Dependents/Nondependents</b>				
Check here to charge a flat fee for dependents instead of a fee per dependent				<input type="checkbox"/>

### Dependent of Another

If you are a single person and another taxpayer is entitled to claim you as a dependent, you cannot take an exemption for yourself. This is true even if the other taxpayer does not actually claim your exemption.

## Spouse

Your spouse is never considered your dependent. You may be able to take one exemption for your spouse only because you are married. On a joint return, you can claim one exemption for yourself and one for your spouse.

If you file a separate return, you can claim the exemption for your spouse only if your spouse:

- Had no gross income.
- Is not filing a return.
- Was not the dependent of another taxpayer..

This is true even if the other taxpayer does not actually claim your spouse's exemption. This is also true if your spouse is a nonresident alien.

## Deceased Spouse

If your spouse died during the year, you generally can claim your spouse's exemption. If you remarried during the year, you cannot take an exemption for your deceased spouse. If you file a joint return with your new spouse, you can be claimed as an exemption only on that return.

## Divorced Spouse

If you obtained a final decree of divorce or separate maintenance by the end of the year, you cannot take your former spouse's exemption. This rule applies even if you provided all of your former spouse's support.

TaxWise Online calculates the taxpayer and spouse exemptions based on two things. First, your exemptions depend on the filing status that you selected on the Main Information Sheet.

Second, your exemptions depend on whether you select the check boxes under the filing status information that state that you or your spouse can be claimed as a dependent on another person's return.

For example, Fred and Sue's filing status is married filing jointly and no one else can claim either of them as a dependent. This allows them to claim two personal exemptions. TaxWise Online calculates 2 in the Number of boxes checked on 6a and 6b entry.

## Dependent Exemptions

You can take an exemption for each of your dependents who were alive during some part of the current tax year. This includes a baby born in the current tax year or a person who died in the current tax year.

There are several tests that must be met in order to claim a dependent. There are some rules that apply to ALL dependents:

- The taxpayer (or spouse on joint return) can't be claimed themselves as a dependent;
- The dependent can't file a joint return, unless it is only to claim a refund and there would be no tax liability for either spouse on separate returns;
- A dependent must be a citizen or resident of the US, Canada or Mexico for some part of the year.

To be a **qualifying child** dependent, the dependent must:

- Be younger than the taxpayer, unless permanently and totally disabled;
- Meet the relationship test – Taxpayer (or spouse)'s child, stepchild, foster child placed by a state agency, sister/brother, step-sister/brother, half-sister/brother, or a descendant of any of these;
- Be under age 19 at the end of the year and younger than the taxpayer or spouse), or under age 24 and a full-time student, or any age and permanently and totally disabled;
- Meet the residency test – the qualifying child must have lived with the taxpayer more than half of the year; and
- NOT have provided more than half of his or her own support for the year

If the taxpayer is not the parent, and a parent of the child also meets these tests, then the taxpayer must have a higher Adjusted Gross Income than the parent to take the child as a qualifying child – even if the parent does not intend to claim the child. If the parent would not be able to claim the child as a qualifying child (for example, if the child didn't live with the parent more than half of the year) then the parent's AGI doesn't matter.

If the dependent does not meet the tests to be a qualifying child dependent, then the taxpayer may be able to claim the person as a **qualifying relative**, if the dependent:

- Does not meet the test to be a qualifying child of any taxpayer;
- Is closely related to the taxpayer (parent, grandparent, child, grandchild, sibling or aunt/uncle/niece/nephew by blood) OR have lived with the taxpayer all year;
- Must have gross income less than \$3,900 for the year (gross income doesn't include non-taxable amounts like the portion of Social Security income that is not taxed;)
- Taxpayer must have provided more than half of the person's total support for the year

First name	Lastname	Date of birth	Age	Social security number	Relationship to YOU	Mo in Hm	C D e	E D C	C I C
			0				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			0				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			0				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			0				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Totals from</b>				<b>Above</b>	<b>Statement</b>				
Number of your children who lived with you				0	0	<b>Box 6c1</b>			0
Number of your children who didn't live with you due to divorce or separation				0	0	<b>Box 6c2</b>			0
Number of other dependents				0	0	<b>Box 6c3</b>			0
<b>Noncustodial Parents.</b> If you are claiming, as a dependent, your child who does not live with you, you MUST attach a written document to the tax return that substantiates your right to claim this dependent. If e-filing, you have the option of attaching the document to Form 8453 or attaching a PDF. Check the item you are attaching.									
A copy of a divorce or separation agreement that went into effect after 1984 and before 2009							<input type="checkbox"/>		
Check here to attach a PDF of the divorce agreement to the e-file							<input type="checkbox"/>		
Form 8332 - Release of Claim of Exemption - required if divorce or separation agreement went into effect after 2008							<input type="checkbox"/>		
Check here to attach a PDF of Form 8332 to the e-file							<input type="checkbox"/>		
<b>Total number of exemptions claimed</b>								<b>Box 6d</b>	1

### Social Security Number

Taxpayers are required to report on their income tax returns the Social Security numbers of all dependents claimed, regardless of the dependent's age.

An exception would be if your child was born and died during the year and you do not have a Social Security number for the child. If this was the case, you can attach a copy of the child's birth certificate instead. In this case, the return cannot be electronically filed.

List all dependents, as well as non-dependents who are qualifying children for EIC or the Dependent Care Credit.

## Additional Dependent Statement

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If there are more than four dependents or non-dependents to list, enter the first four on the Main Information Sheet and the remaining dependents on the New Additional Dependent Statement, which can be accessed by pressing **F9** function key from any field in the dependent section on Page 1 of Form 1040.

Type the first name, last name, date of birth, Social Security number, relationship, months in home, and code for each dependent. The check box for Child Tax Credit (**CTC**) is selected automatically by TaxWise Online if the dependent qualifies based on age, relationship, and residence.

You must manually select the check box for Dependent Care Credit (**DC**) and/or Earned Income Credit (**EIC**) if the child qualifies. Qualifying children for these credits must be listed on the Main Information Sheet and not on the statement.

Do not use the Additional Dependents statement if there are four or fewer dependents or non-dependents. Doing so will cause an electronic filing error.

## Entering Dependents

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Type the name in the **First Name** entry. When the dependent's information is transferred to Form 1040 or Form 1040A, the last name will default to the last name of the taxpayer.

### **Date of Birth**

Type the date of birth for the dependent in the **Date of birth** field. You should enter the birth date for all dependents. The birth date is verified by the IRS in certain circumstances. Use the two-digit month, two-digit day, and four-digit year format. TaxWise Online enters the slashes for you. TaxWise Online calculates the dependent's age for tax purposes (age on December 31, 2013). This is for the preparer's information only. It does not print on the tax forms.

### **Social Security Number**

Type the Social Security number for the dependent in the **Social Security number** field. TaxWise Online enters the hyphens for you.

### **Relationship**

Next, type the dependent's relationship to the taxpayer. Press the **Tab** key or click the arrow next to the entry for a drop-down list.

Because the IRS only allows certain responses in this entry, TaxWise Online only allows you to select one of the relationships as it is listed in the drop-down list.

### **Months in Home**

Next, select the number of months that the dependent lived with the taxpayer. This can be either a number, zero through twelve, MX if the dependent lived in Mexico, or CN if the dependent lived in Canada.

## Dependent Code

Select the number from the **Code** drop-down list to indicate the relationship of the dependent to the taxpayer.

- If the dependent child lived with the taxpayer, select *1*.
- Code *2* means that the dependent child did not live with the taxpayer due to divorce or separation.
- Code *3* should be selected for all other dependents, which would include a parent.
- If the child is not the taxpayer's dependent, select code *0*.

## Dependent Care Credit

If the child qualifies for the Dependent Care Credit, select the **DC** check box for the qualifying child or children. Otherwise, TaxWise Online does not calculate the Dependent Care Credit. TaxWise Online carries the dependent name and Social Security number to Form 2441 or Schedule 2.

## Earned Income Credit

If you believe that the taxpayer may qualify for the Earned Income Credit, select the **EIC** box for qualifying children. This information carries to Schedule EIC.

## Child Tax Credit

The Child Tax Credit, or **CTC**, check box is selected automatically if the child qualifies based on age, relationship, residence, and valid Social Security number.

If the child does not have a valid SSN or ITIN, they can't be claimed on the return at all. Children who are not US residents but are residents of Mexico or Canada can be claimed as a dependent, but not for the CTC. If the preparer correctly indicates CN or MX in the Months in Home box, TaxWise Online will handle the situation correctly, and no override is needed.

Most of the information is entered on this statement just as you would type it on the Main Information Sheet. However, there are slight differences. The information for the first four children is automatically entered on this statement as you entered it on the Main Information Sheet. Be sure that you do not delete this information. TaxWise Online calculates the name code in the next column. The name code is used by the IRS to verify information. Leave the name code as it is and move on to the next column.

## Tips for Dependents

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TaxWise Online recommends that you start with your youngest child as you type information in the Dependent and Non-Dependent section on the Main Information Sheet. This allows you to select the dependent care and earned income credit check boxes for any dependents who are qualifying children for those credits.

Non-dependents must be listed on the Main Information Sheet. Non-dependents cannot be listed on the Additional Dependent Statement.



If there are more than four dependents or non-dependents to list, type the first four on the Main Information Sheet in the Dependents and Non-dependents section. Type the remaining dependents on the Additional Dependent Statement.

Access the Additional Dependent Statement by pressing the **F9** function key from any entry in the Dependent/Non-Dependent section on Page 1 of Form 1040.

## Total Exemptions Dependents

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Now let's look at the dependents' total information. This information is shown below the dependent's information entries on the Main Information Sheet.

TaxWise Online calculates the totals from the Dependent information you have typed on both the Main Information Sheet and the Additional Dependent Statement.

TaxWise Online calculates the number of children who did not live with the taxpayer due to divorce or separation in **Box 6c2**.

For this example, Sara does not live with the Smiths and the number 1 displays in Box 6c2. If the Smiths had any dependents that the IRS classifies as other dependents, TaxWise Online displays a number in Box 6c3.

## Children of Divorced or Separated Parents

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If you are a non-custodial parent and are claiming a child who does not live with you, you must attach to the tax return, or to Form 8453 if e-filing, a written document that substantiates your right to claim this dependent.

If this is the case, you would have typed 2 in the dependent code and TaxWise Online makes the check boxes in the **Noncustodial parents** section required, or red.

Select the item being attached to the return. You would either attach:

- A copy of a pre-1985 divorce or separation agreement.
- A copy of a divorce or separation agreement from after 1984 but before 2009 without conditions.
- Form 8332, *Release of Claim to Exemption*. For agreements after 2008, however, Form 8332 (or similar statement) is required; a copy of the divorce decree is not sufficient.

## Total Exemptions

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TaxWise Online calculates the total number of exemptions claimed in **Box 6d**. This number, along with all of the information for each person, is calculated to Form 1040.

# State Information

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A Federal return can have as many as 9 state returns attached in any combination. For example, you could have one full-year resident state, one nonresident state, and one part-year state or any combination.

<b>State Information</b>	If you are not preparing a state return, check here	<input type="checkbox"/>	or fill in state information below
Full year resident	___ and ___	Part-year:	___ and ___ Nonresident: ___ ___ ___ ___

When you type state abbreviations on the Main Information sheet, the state forms load in the **Forms List**. If you do not have the state software installed, TaxWise Online prompts you to download it or purchase it using Pay-Per-Return. For detailed instructions on downloading state software, refer to the TaxWise Online Solution Center web site. Consult instructions for each state to determine which status applies to the taxpayer. To view instructions for the state individual package you have installed, press F1 while the state form is open.

Be sure to type state abbreviations and amounts on all forms, such as Forms W-2, W-2G, 1099-R, and other income statements. This allows the program to carry information correctly to the state returns.

When the taxpayer and spouse are filing separate state returns, you should designate ownership of income and deductions to the taxpayer, the spouse, or both of them. On many forms there is a box labeled **TSJ** to designate ownership. This helps in separating income for state return purposes, as well as an Injured Spouse determination. In this box, select:

- **T** for taxpayer.
- **S** for spouse.
- **J** for joint.

After completing the Federal return, open the Resident and Nonresident Allocation Worksheet. Type any additional income adjustments. Amounts carry from this worksheet to the state forms. On each state's primary form, indicate whether the return is for the taxpayer or the spouse.

## Adding the State

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Select state information in the State Information section of the Main Information Sheet.

In this section, you can designate no state return, full year resident states, different full year resident states for the taxpayer and spouse, part-year states and nonresident states.

If you have no state return to prepare, select the **If you are not preparing a state return, check here** check box.

<b>State Information</b> If you are not preparing a state return, check here <input checked="" type="checkbox"/> or fill in state information below
Full year resident <input checked="" type="checkbox"/> and <input type="checkbox"/> Part-year: <input type="checkbox"/> and <input type="checkbox"/> Nonresident: <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

## Full Year Resident

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For any taxpayer with one resident state, type the state abbreviation in the **Full year resident** field. If the taxpayer is married filing jointly, and the taxpayer and spouse each have two resident state returns, you can enter both. Type the taxpayer's state in the first field and the spouse's state in the second field. Do not type the same state abbreviation in both fields.

For a couple to qualify for separate full year state returns, both of the following conditions must apply:

- First, the taxpayer must be considered a full year resident of one state and the spouse a full year resident of a different state.
- Second, the state must allow married taxpayers to file separate state returns when they file a joint Federal return. Some of these states are:
  - Alabama
  - Arkansas
  - Connecticut
  - Delaware
  - District of Columbia
  - Georgia
  - Illinois
  - Iowa
  - Kentucky
  - Massachusetts
  - Maryland
  - Nebraska
  - Pennsylvania
  - Tennessee
  - Virginia

## Part-year States

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Sometimes a taxpayer lives in and earns income in two states. The taxpayer must complete tax returns for the part-year states. TaxWise Online allows for two part-year states. When you designate a part-year resident state, TaxWise Online automatically loads the Part-Year Resident Worksheet into the return. This worksheet is used to separate income between the part-year resident states.

After completing the Federal return, review the worksheet and make any adjustments needed between states or between the taxpayer and spouse. The adjusted information carries from the worksheet to the state returns.

## Nonresident States

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Sometimes a taxpayer lives in one state and earns income in another. The taxpayer should complete tax returns for both states. TaxWise Online allows preparation of up to five nonresident states at a time. When you designate a nonresident state, TaxWise Online loads the Resident and Nonresident Worksheet. This worksheet is used to separate income between resident and nonresident states.

If there are more than two nonresident states, an additional worksheet loads to handle any other nonresident states. After completing the Federal return, review the worksheet and make any necessary adjustments between resident and nonresident states or between the taxpayer and spouse. The adjusted information carries from the worksheet to the state returns.

## Type of Return

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You should indicate a type of return in the **Type of Return** section.

<b>Type of Return</b>	<input type="checkbox"/> Bank products	<input type="checkbox"/> E-file ONLY	<input type="checkbox"/> Paper
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### E-File Only

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Select the **E-file only** check box if the return is to be electronically filed without applying for a bank product.

### Paper

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Select the **Paper** check box if the taxpayer does not want to electronically file the return, and would prefer to mail their tax return to the IRS.

*For the remainder of the Main information Page look at lesson on Finishing the return.*

# Lesson Review

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1. When selecting the type of return it is suggested to leave the selected type defaulted to \_\_\_\_\_.
2. What are the different types of filing status?
3. You can select up to \_\_\_\_\_ states when e-filing?
4. How many dependents can be listed on the Main Information sheet?
5. If you have more dependents than allowed on the Main Information sheet what must you do to add the additional dependents?

# Summary

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You should now be able to:

- Complete the Main Information Page
- Select a Filing Statuses
- Enter Personal Exemptions
- Enter Dependant Exemptions