

2022 TAX TRAINING

FILING STATUS & PERSONAL INFORMATION

FILING STATUS

Use the Intake Sheet. There are 5 choices on the Intake Sheet: Never Married, Married, Divorced, Legally Separated, or Widowed. You must discuss this in the interview to be certain of the taxpayer's marital status. Once you are married for tax purposes, you remain married for tax purposes until one of 3 things happens – you get a divorce, you are legally separated by a court order (a voluntary separation agreement is not enough, you must go to court), or your spouse dies. Just because you haven't seen your spouse in 20 years doesn't make you unmarried. A taxpayer who is divorced or separated during the year is treated as unmarried for that year unless they remarry by December 31.

If the Intake Sheet shows Never Married, Divorced, or Separated

- Choices available: Single, Head of Household
- Filing status is SINGLE unless both of the following conditions are met:
 - Taxpayer paid more than half the costs of maintaining the home; **and**
 - A Qualifying Person lived in the taxpayer's home for more than half the year.
 - A Qualifying Person includes any person who qualifies as a Dependent of the taxpayer other than an unrelated person. There are some situations where a person can be a Qualifying Person but not be a Dependent (see Pub. 4012, p. B-12). We will discuss the definition of Dependent in the next session.
 - If a parent is the Qualifying Person, they do not need to live with the taxpayer if the taxpayer pays more than half the costs of maintaining the parent's home
- If **both** conditions are met the most beneficial filing status is Head of Household (HoH).

If the Intake Sheet shows Married

- Choices available: Married Filing Jointly (MFJ), Head of Household, Married Filing Separately (MFS)
- Most beneficial to file MFJ
- Least beneficial to file MFS
 - Higher tax rates, lower standard deduction than MFJ
 - Do not qualify for education credits, Credit for the Elderly and Disabled, and usually the Premium Tax Credit
 - Limited ability to claim Earned Income Credit and the Child and Dependent Care Credit
 - If the taxpayer lived with his/her spouse at **any** time during the year, 85% of Social Security income is taxable
- A married taxpayer can file HoH if **all** the following conditions are met
 - Taxpayer paid more than half the costs of maintaining the home **and**

- A child, stepchild, or foster child of the taxpayer who qualifies as a Dependent lived in the taxpayer's home for more than half the year **and**
- The taxpayer and spouse did not live together during the last 6 months of the year.

Married Filing Separately Status

- We generally should encourage TP to file MFJ as it offers the most benefit
- Here are a few things to remember about MFS returns
 - If one files MFS then the spouse must either file as MFS or, if he/she qualifies, as HoH
 - Filing MFS with no SS# for the spouse requires a paper return be filed, you will enter a dummy SS# for the spouse (111-00-1111)
 - Filing MFS with valid SS# for the spouse can be e-filed
 - If the other spouse files MFS and itemizes, the taxpayer cannot take the standard deduction but must itemize

If the Intake Sheet shows Widowed

- Choices available: MFJ, Qualifying Surviving Spouse (QSS), MFS, HoH, Single
- In the year of the spouse's death, the taxpayer may still file an MFJ return with the deceased spouse so long as the taxpayer did not remarry before year-end. Otherwise, can file as MFS in that year or HoH if the taxpayer qualifies.
- In the following two years, the most beneficial to TP is to file as a Qualifying Surviving Spouse, however, 4 conditions must be met:
 - Spouse died in 2020 or 2021 **and**
 - The taxpayer did not remarry by the end of 2022 **and**
 - The taxpayer paid more than half the costs of maintaining the home **and**
 - A child or stepchild (but not a foster child) of the taxpayer lived with the taxpayer **all year** (except for temporary absences) and is a Dependent of the taxpayer or would be except he/she earned more than \$4,400, because he/she filed a joint return, or because the taxpayer can be claimed as a Dependent.
 - Note this is an "all year" requirement rather than ½ year requirement that is needed for HoH filing status. In addition, the only qualifying persons are children, so, for example, grandchildren would not qualify.
 - If they don't meet all these conditions then just like Never Married, Divorced, or Separated, they will file either as SINGLE or HoH unless the taxpayer remarries.
- After the two tax years following the year of death, no special rules apply and you choose based on the taxpayer's current status

PERSONAL INFORMATION

Use the Intake Sheet and the Intake Interview to complete this section of TaxSlayer.
TaxSlayer Personal Information Questions

the Taxpayer can be claimed as a dependent on someone else's return.

This would be checked if the taxpayer is supported by someone else and satisfies all the tests to be a Dependent of that other person. See the discussion below.

- Taxpayer was over age 18 and a full-time student at an eligible educational institution.

A person is a full-time student if they are treated by the institution as a full-time student for some part of at least 5 calendar months during the year.

- Taxpayer is blind.

See the 1040 instructions for the tax test for blindness if there is an issue. This is an important box to check if applicable since it results in a higher standard deduction.

- Taxpayer is deceased.

If checked, enter the date of death. This should be checked even if the death occurred after the tax year ended.

- 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 a nonresident alien for any part of the year.

Someone is generally a nonresident alien if they are not a U.S. citizen or permanent resident (green card holder) and are not present in the U.S. for at least half the year. See Pub. 4012, pp. L-1 to L-3 for the test to determine whether someone is a nonresident alien.

- Taxpayer or Spouse was affected by a natural disaster during the current tax year.

This has no impact on the return, so don't worry about answering it.

- Taxpayer has received, sold, sent, exchanged, or otherwise acquired financial interest in virtual currency during the current tax year.

The return is out-of-scope if the taxpayer sold virtual currency (such as Bitcoin) during the year or received it in payment for goods or services.

- Taxpayer prefers to receive written communications from the IRS in a language other than English.

If the taxpayer would like to receive communication from the IRS in a language other than English, check this box and then select the language from the drop-down menu.

- Taxpayer prefers to receive written communications from the IRS in an accessible format.

Media Preference *

- Please Select -

This allows the taxpayer to receive communication from the IRS in formats such as large print, braille, audio, etc.

Additional Question on MFS Returns

- Filing Married Filing Separate and meets the requirements to claim the EIC

Taxpayer must satisfy the following conditions to check this box:

1. The taxpayer does not file an MFJ return;
2. The taxpayer has a Qualifying Child living with him/her for more than half the year; and
3. Either: (a) the taxpayer does not have the same principal place of abode as the other spouse for the last 6 months of the year; or (b) the taxpayer does not live with the spouse at year end and is legally separated under state law under a written separation agreement.

TP CLAIMED AS A DEPENDENT

We'll cover the specifics of being a dependent in the next section of the training.

Here are the two situations where we most often see this issue:

- The taxpayer is either under age 19, a full-time student under age 24, or disabled. In these situations, if the taxpayer paid less than half of his/her own support, the taxpayer will generally be a dependent of the taxpayer's parent, grandparent, uncle, or aunt whom the taxpayer lived with for more than half the year.
- The taxpayer is over age 18 (or age 23 if a full-time student), another person provided more than half the taxpayer's support, the taxpayer is either related to the person or lived with the person all year, and the taxpayer made less than \$4,400. Note that in this situation, the taxpayer probably does not have a filing requirement since the gross income is less than \$4,400.

IDENTITY PROTECTION PIN

A frequent cause of rejects. There is a question on the Intake Sheet, but always good to probe on this one. This can apply to taxpayers and dependents so be careful. The taxpayer or dependents should receive a letter from the IRS in January with a 6-digit Identity PIN. This PIN must be included on the return to electronically file the return. This is entered from the Basic Information menu in TaxSlayer.