

6-4B Doing Your Taxes

1040: Lines 1-15

To do now:

1. Write down the objective
2. Take out earbuds

You will need:

- **Papers on the student table**
- **Calculator**
- **Pen or Pencil**
- **Notebook Paper**
Red Items are needed during the lecture

OBJECTIVE

Understand and complete lines 1 to 15 of IRS Form 1040.

We are going to learn how to do the middle part of a tax return!



This is the IRS Form 1040 Page 1 (the bottom half).

We will fill it out line by line.

Attach Sch. B if required.	1	Wages, salaries, tips, etc. Attach Form(s) W-2					1	
	2a	Tax-exempt interest	2a		b	Taxable interest	2b	
	3a	Qualified dividends	3a		b	Ordinary dividends	3b	
	4a	IRA distributions	4a		b	Taxable amount	4b	
	5a	Pensions and annuities	5a		b	Taxable amount	5b	
	6a	Social security benefits	6a		b	Taxable amount	6b	
Standard Deduction for— <ul style="list-style-type: none"> • Single or Married filing separately, \$12,400 • Married filing jointly or Qualifying widow(er), \$24,800 • Head of household, \$18,650 • If you checked any box under <i>Standard Deduction</i>, see instructions. 	7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>					7	
	8	Other income from Schedule 1, line 9					8	
	9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income <input type="checkbox"/>					9	
	10	Adjustments to income:						
	a	From Schedule 1, line 22	10a					
	b	Charitable contributions if you take the standard deduction. See instructions	10b					
	c	Add lines 10a and 10b. These are your total adjustments to income <input type="checkbox"/>					10c	
	11	Subtract line 10c from line 9. This is your adjusted gross income <input type="checkbox"/>					11	
	12	Standard deduction or itemized deductions (from Schedule A)					12	
	13	Qualified business income deduction. Attach Form 8995 or Form 8995-A					13	
14	Add lines 12 and 13					14		
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-					15		

Tasha is a Hostess at Chili's.
 This is Tasha's W-2. We will use it to fill out her 1040.

22222		a Employee's social security number		OMB No. 1545-0008			
b Employer identification number (EIN)			1 Wages, tips, other compensation \$8,457.22		2 Federal income tax withheld \$807.14		
c Employer's name, address, and ZIP code Chili's 1818 Figaro Street Cibolo, Texas 78108			3 Social security wages \$8,457.22		4 Social security tax withheld \$524.35		
			5 Medicare wages and tips \$8,457.22		6 Medicare tax withheld \$219.89		
			7 Social security tips		8 Allocated tips \$64.83		
d Control number			9 Verification code		10 Dependent care benefits		
e Employee's first name and initial Last name Suff. Tasha Miller 123 Main Street Cibolo, Texas 78108			11 Nonqualified plans			12a	
			13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			12b	
			14 Other			12c	
						12d	
f Employee's address and ZIP code							
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Tasha has a savings account at Main Bank.
 This is Tasha's 1099-INT that she received in the mail
 from her bank. We will use it to fill out her 1040.

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Payer's RTN (optional)	OMB No. 1545-0112		Interest Income
Main Bank 1818 Figaro Street Cibolo, Texas 78108		1 Interest income	2020 Form 1099-INT		
		\$ \$14.26			
PAYER'S TIN		RECIPIENT'S TIN		Copy 1 For State Tax Department	
\$		\$			
3 Interest on U.S. Savings Bonds and Treas. obligations		2 Early withdrawal penalty			
\$		\$			
RECIPIENT'S name		4 Federal income tax withheld	5 Investment expenses		
Tasha Miller		\$	\$		
Street address (including apt. no.)		6 Foreign tax paid	7 Foreign country or U.S. possession		
123 Main Street		\$			
City or town, state or province, country, and ZIP or foreign postal code		8 Tax-exempt interest	9 Specified private activity bond interest		
Cibolo, Texas 78108		\$	\$		
		10 Market discount	11 Bond premium		
		\$	\$		
		12 Bond premium on Treasury obligations	13 Bond premium on tax-exempt bond		
		\$	\$		
Account number (see instructions)		14 Tax-exempt and tax credit bond CUSIP no.	15 State	16 State identification no.	17 State tax withheld
					\$
					\$

You need to use Tasha's W-2 to complete Line 1.

1	Wages, salaries, tips, etc. Attach Form(s) W-2	Add boxes 1 and 8 from the W-2	1	\$8,522.05
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Since Tasha get a small portion of the waiter's tips, she will need to include them in her income.

W-2

1 Wages, tips, other compensation \$8,457.22	2 Federal income tax withheld \$807.14
3 Social security wages \$8,457.22	4 Social security tax withheld \$524.35
5 Medicare wages and tips \$8,457.22	6 Medicare tax withheld \$219.89
7 Social security tips	8 Allocated tips \$64.83
9 Verification code	10 Dependent care benefits

These instructions are written on your notes!

Add boxes 1 and 8 on the W-2 to get the amount to enter on Line 1:

$$\begin{aligned} & \$8,457.22 + \$64.83 \\ & = \mathbf{\$8,522.05} \end{aligned}$$

Lines 2 through 6 are for other types of income.

2a	Tax-exempt interest	2a			b	Box 1 from the 1099 Taxable interest	2b	\$14.26	
3a	Qualified dividends	3a			b	Ordinary dividends	3b		
4a	IRAs, pensions, and annuities	4a			b	Taxable amount	4b		
5a	Social security benefits	5a			b	Taxable amount	5b		

You need to use Tasha's 1099-INT to complete Line 2b.

1099-INT

Payer's RTN (optional)	OMB No. 1545-0112
	2020
1 Interest income	Form 1099-INT
\$ \$14.26	
2 Early withdrawal penalty	

She had no other income so write nothing else.

Lines 7-8 are for other types of income. She had no other income so write down nothing.

7	Capital gain or (loss). Attach Schedule D if required. If not required, check here	<input type="checkbox"/>	7	
8	Other income from Schedule 1, line 9		8	
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income		9	\$8,536.31
10	Adjustments to income:			
a	From Schedule 1, line 22	10a		
b	Charitable contributions if you take the standard deduction. See instructions	10b		
c	Add lines 10a and 10b. These are your total adjustments to income		10c	

Line 9 is asking you to add up your income.

$$\begin{aligned} & \$8,522.05 + \$14.26 \\ & = \mathbf{\$8,536.31} \end{aligned}$$

Lines 10a - b are for other types of income. She had no other income so write down nothing.

7	Capital gain or (loss). Attach Schedule D if required. If not required, check here	<input type="checkbox"/>	7	
8	Other income from Schedule 1, line 9		8	
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income		9	\$8,536.31
10	Adjustments to income:			
a	From Schedule 1, line 22	10a		
b	Charitable contributions if you take the standard deduction. See instructions	10b		
c	Add lines 10a and 10b. These are your total adjustments to income		10c	\$0

Line 10c is asking you to do the math.
Write down \$0 on line 10c.

11	Subtract line 10c from line 9. This is your adjusted gross income		11	\$8,536.31
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Line 11 is asking you to do math.

$$\begin{aligned}
 & \$8,536.31 - \$0 \\
 & = \mathbf{\$8,536.31}
 \end{aligned}$$

Line 12 is asking you to determine your deductions.

Standard Deduction for—

- Single or Married filing separately, \$12,400
- Married filing jointly or Qualifying widow(er), \$24,800
- Head of household, \$18,650
- If you checked any box under *Standard Deduction*, see instructions.

You MUST choose one of the dots on the side

12	Standard deduction or itemized deductions (from Schedule A)	12	
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Line 12 is asking you to determine your deductions.

Standard Deduction for—

- Single or Married filing separately, \$12,400
- **Married filing jointly or Qualifying widow(er), \$24,800**
- Head of household, \$18,650
- If you checked any box under *Standard Deduction*, see instructions.

You MUST choose one of the dots on the side

12	Standard deduction or itemized deductions (from Schedule A)	12	
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Line 12 is asking you to determine your deductions.

Standard Deduction for—

- Single or Married filing separately, \$12,400
- Married filing jointly or Qualifying widow(er), \$24,800
- **Head of household, \$18,650**
- If you checked any box under *Standard Deduction*, see instructions.

You MUST choose one of the dots on the side

12	Standard deduction or itemized deductions (from Schedule A)	12	
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If you checked this box on the front side then this applies to you.

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Standard Deduction	Someone can claim: <input checked="" type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent
	<input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien

Standard Deduction for—

- Single or Married filing separately, \$12,400
- Married filing jointly or Qualifying widow(er), \$24,800
- Head of household, \$18,650

• If you checked any box under *Standard Deduction*, see instructions.

You MUST choose one of the dots on the side


12	Standard deduction or itemized deductions (from Schedule A)	12
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Most of you will pick this dot.

This means you will need to complete the Standard Deduction Worksheet.

You will not check any of these boxes.

Standard Deduction Worksheet for Dependents—Line 12

Keep for Your Records 

Use this worksheet **only** if someone can claim you, or your spouse if filing jointly, as a dependent.

1. Check if: <input type="checkbox"/> You were born before January 2, 1956. <input type="checkbox"/> You are blind. <input type="checkbox"/> Spouse was born before January 2, 1956. <input type="checkbox"/> Spouse is blind.	} Total number of boxes checked	1.	<u>0</u>
2. Is your earned income * more than \$750? <input type="checkbox"/> Yes. Add \$350 to your earned income. Enter the total. <input type="checkbox"/> No. Enter \$1,100.	 2.	<u> </u>
3. Enter the amount shown below for your filing status. • Single or married filing separately—\$12,400 • Married filing jointly—\$24,800 • Head of household—\$18,650	}	3.	<u> </u>
4. Standard deduction. a. Enter the smaller of line 2 or line 3. If born after January 1, 1956, and not blind, stop here and enter this amount on Form 1040 or 1040-SR, line 12. Otherwise, go to line 4b		4a.	<u> </u>
b. If born before January 2, 1956, or blind, multiply the number on line 1 by \$1,300 (\$1,650 if single or head of household)	4b.	<u> </u>	
c. Add lines 4a and 4b. Enter the total here and on Form 1040 or 1040-SR, line 12	4c.	<u> </u>	

* **Earned income** includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any taxable scholarship or fellowship grant. Generally, your earned income is the total of the amount(s) you reported on Form 1040 or 1040-SR, line 1, and Schedule 1, lines 3 and 6, minus the amount, if any, on Schedule 1, line 14.

Earned Income form Line 1: You will check yes then do the math:

1 \$8,522.05

Standard Deduction Worksheet for Dependents—Line 12

Keep for Your Records

Use this worksheet **only** if someone can claim you, or your spouse if filing jointly, as a dependent.

1.	Check if: <input type="checkbox"/> You were born before January 2, 1956. <input type="checkbox"/> You are blind. <input type="checkbox"/> Spouse was born before January 2, 1956. <input type="checkbox"/> Spouse is blind.	} Total number of boxes checked	1.	0
2.	Is your earned income * more than \$750? <input checked="" type="checkbox"/> Yes. Add \$350 to your earned income. Enter the total. <input type="checkbox"/> No. Enter \$1,100.		}	2.
3.	Enter the amount shown below for your filing status. • Single or married filing separately—\$12,400 • Married filing jointly—\$24,800 • Head of household—\$18,650	}		3.
4.	Standard deduction. a. Enter the smaller of line 2 or line 3. If born after January 1, 1956, and not blind, stop here and enter this amount on Form 1040 or 1040-SR, line 12. Otherwise, go to line 4b		4a.	
	b. If born before January 2, 1956, or blind, multiply the number on line 1 by \$1,300 (\$1,650 if single or head of household)	4b.		
	c. Add lines 4a and 4b. Enter the total here and on Form 1040 or 1040-SR, line 12	4c.		

Box 1 from 1040: 8,522.05 + 350

* **Earned income** includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any taxable scholarship or fellowship grant. Generally, your earned income is the total of the amount(s) you reported on Form 1040 or 1040-SR, line 1, and Schedule 1, lines 3 and 6, minus the amount, if any, on Schedule 1, line 14.

You will enter \$12,400

U.S. 11
 Filing status: Single

Keep for Your Records



Standard Deduction Worksheet for Dependents—Line 12


Use this worksheet **only** if someone can claim you, or your spouse if filing jointly, as a dependent.

1.	Check if: <input type="checkbox"/> You were born before January 2, 1956. <input type="checkbox"/> You are blind. <input type="checkbox"/> Spouse was born before January 2, 1956. <input type="checkbox"/> Spouse is blind.	} Total number of boxes checked	1.	0
2.	Is your earned income * more than \$750? <input type="checkbox"/> Yes. Add \$350 to your earned income. Enter the total. <input type="checkbox"/> No. Enter \$1,100.		}	2.
3.	Enter the amount shown below for your filing status. • Single or married filing separately—\$12,400 • Married filing jointly—\$24,800 • Head of household—\$18,650	}		3.
4.	Standard deduction. a. Enter the smaller of line 2 or line 3. If born after January 1, 1956, and not blind, stop here and enter this amount on Form 1040 or 1040-SR, line 12. Otherwise, go to line 4b 4a.			
	b. If born before January 2, 1956, or blind, multiply the number on line 1 by \$1,300 (\$1,650 if single or head of household)		4b.	
	c. Add lines 4a and 4b. Enter the total here and on Form 1040 or 1040-SR, line 12		4c.	

* **Earned income** includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any taxable scholarship or fellowship grant. Generally, your earned income is the total of the amount(s) you reported on Form 1040 or 1040-SR, line 1, and Schedule 1, lines 3 and 6, minus the amount, if any, on Schedule 1, line 14.

Since Line 2 is smaller, enter \$8,872.05

Standard Deduction Worksheet for Dependents—Line 12

Keep for Your Records 

Use this worksheet **only** if someone can claim you, or your spouse if filing jointly, as a dependent.

1. Check if: <input type="checkbox"/> You were born before January 2, 1956. <input type="checkbox"/> You are blind. <input type="checkbox"/> Spouse was born before January 2, 1956. <input type="checkbox"/> Spouse is blind.	} Total number of boxes checked	1.	0
2. Is your earned income * more than \$750? <input type="checkbox"/> Yes. Add \$350 to your earned income. Enter the total. <input type="checkbox"/> No. Enter \$1,100.		}	2.
3. Enter the amount shown below for your filing status. • Single or married filing separately—\$12,400 • Married filing jointly—\$24,800 • Head of household—\$18,650	}		3.
4. Standard deduction. a. Enter the smaller of line 2 or line 3. If born after January 1, 1956, and not blind, stop here and enter this amount on Form 1040 or 1040-SR <u>line 12</u> . Otherwise, go to line 4b			4a.
b. If born before January 2, 1956, or blind, multiply the number on line 1 by \$1,300 (\$1,650 if single or head of household)		4b.	
c. Add lines 4a and 4b. Enter the total here and on Form 1040 or 1040-SR, line 12		4c.	

* **Earned income** includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any taxable scholarship or fellowship grant. Generally, your earned income is the total of the amount(s) you reported on Form 1040 or 1040-SR, line 1, and Schedule 1, lines 3 and 6, minus the amount, if any, on Schedule 1, line 14.

1040

12	Standard deduction or itemized deductions (from Schedule A)	12	\$8,872.05
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Line 13 does not apply to you since you do not own a business.

12	Standard deduction or itemized deductions (from Schedule A)	12	\$8,872.05
13	Qualified business income deduction. Attach Form 8995 or Form 8995-A	13	
14	Add lines 12 and 13	14	\$8,872.05
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15	\$0

Line 14 – Do the math and write down the answer

Line 15 – Do the math:

$$8,536.31 - 8,872.05 = - 335.74$$

Since this is negative which is below zero, we will write down \$0 in line 10.

What do I do now?

The 6-4 Worksheet #2

When is it due?

Next Class