For Use in Preparing Tax Year 2004 Returns

Supplemental Training Guide

This text is intended for use in conjunction with TaxWise, the e-file software produced by Universal Tax Systems, Inc.

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Internal Revenue Service
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IRS
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Internal Revenue Service
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Confidentiality Statement:

All tax information you receive from taxpayers in your VOLUNTEER capacity is strictly confidential and should not, under any circumstances, be disclosed to unauthorized individuals.

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INTRODUCTION

INTRODUCTION

The C-VITA Training Guide is designed to offer a condensed version of the traditional Volunteer Income Tax Assistance (VITA) training to corporate and large employer partners. These corporate partners may be private businesses or corporations, financial institutions, faith-based organizations, or non-profit entities. The material incorporates basic tax law geared specifically to an Earned Income Tax Credit (EITC) audience with TaxWise *e-file* software.

C-VITA was developed as an alternative training tool for those partners who have employees or volunteers with some tax knowledge background and better than average computer skills. It can be tailored to fit the needs of the partner and the targeted customers to be served.

Certified C-VITA volunteers must provide tax assistance only to those taxpayers who have income and related tax issues covered in their tailored training and for which they were certified. C-VITA volunteers must be encouraged to refer issues not covered in this eight-hour training module to other VITA sites (as directed by the local IRS SPEC office) or to paid tax professionals.

C-VITA is not meant to be a refresher course for traditional VITA training. An integrated training approach has been developed to meet the needs of these partners. Partners who require training beyond the scope of C-VITA should be offered tailored traditional VITA training. Refer to Publication 1155, Volunteer Assistor's Guide (Instructor Guide) for information on customizing VITA training or the new integrated training approach.

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CERTIFICATION

The certification process is as much a validation of computer skills as tax law. There are some issues in tax law that the software cannot determine. Primarily those are issues of dependency, filing status, and EITC qualifying child. Since the C-VITA course is by design a condensed course in tax law, the certification process is also condensed. In order to be certified as a C-VITA volunteer, you

must correctly answer two of three short answer questions in each of three categories: filing status, dependency, EITC. In addition, you must accurately complete one of two certification problems. These problems are designed to test both tax law knowledge and tax preparation software skills.

Use the following information to complete a tax return for Karen Anderson:

Name:	Karen Anderson
Address:	606 Campbell Rd. Your City, State, Zip Code
Filing Status:	Single
Date of Birth:	August 17, 1966
Telephone:	404-555-7711
Occupation:	Clerk

She does not want to contribute to the Presidential Election Campaign.

a Control number		OMB No. 1545-0008	Safe, accurate, FAST! Use IRS e-file. Visit the IRS website at www.irs.gov.
b Employer identification number xx-xxxxxxx		1 Wages, tips, other compensation 16,298.00	2 Federal income tax withheld 1,820.00
c Employer's name, address, and ZIP code Baker Supply Company 10220 West 2nd Street Your City, State, and Zip Code		3 Social security wages 16,298.00	4 Social security tax withheld 1,010.00
		5 Medicare wages and tips 16,298.00	6 Medicare tax withheld 236.00
		7 Social security tips	8 Allocated tips
d Employee's social security number xxx-xx-xxxx		9 Advance EIC payment	10 Dependent care benefits
e Employee's first name and initial / Last name Karen Anderson 606 Campbell Your City, State, and Zip Code f Employee's address and ZIP code		11 Nonqualified plans	12a See instructions for box 12 Code
		13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	12b Code
		14 Other	12c Code
			12d 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
	xx-xxxxxxx	16,298.00	757.00			

Form **W-2** **Wage and Tax Statement** 2004 Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

1. Martha is single and paid more than half the cost of keeping up her home. Her grandmother lived with her all year. Martha claims her grandmother as a dependent. What is Martha's filing status?

2. Nicholas and Christine separated in June 2004. After separation, Christine continued to maintain a home for their 3-year-old son. Christine does not want to file a joint return. What other filing status or statuses can she use? Which one would be the most advantageous?

3. Lisa tells you that she is divorced and that her 21-year old son lived with her all year. She paid for their rent and food and provided over half of her son's total support. She cannot claim her son as a dependent because he earned $5,975 and is not a full time student. Her son used his earnings to pay for his car, clothing, and entertainment. Can Lisa file as head of household? Why or why not?

4. Rodney has lived apart from his wife for several years; he is still legally married to her. Their children have lived with his wife the entire time but Rodney pays over half the children's support. What filing status can Rodney use?

5. Tony is 16 years old and a full-time student. He earned $2,800 during the summer. He can be claimed as a dependent on his parent's return. Can he claim his own exemption?

6. Roy is 25 and lives with his parents. He earned $15,000 during 2004. His parents cannot claim him as a dependent on their tax return. Can he claim his own exemption?

Problem 2 — EITC and Additional Forms W-2

Use the following information to complete a tax return for Justine Jackson:

Justine has a 3 year old daughter, Elizabeth, who lived with her for the entire year. She provided for her total support and paid all the costs of keeping up a home for herself and her daughter. Elizabeth was born on July 4, 2001, and Justine was born on May 10, 1978. She lives at 8594 W. Grambling and is a telephone contact representative.

a Control number	OMB No. 1545-0008	Safe, accurate, FAST! Use IRS e-file	Visit the IRS website at www.irs.gov.
b Employer identification number xx-xxxxxxx	1 Wages, tips, other compensation 17,345.00	2 Federal income tax withheld 975.00	
c Employer's name, address, and ZIP code Highland Hardware 1521 Highland Avenue Your City, State, and Zip Code	3 Social security wages 18,345.00	4 Social security tax withheld 1,137.00	
	5 Medicare wages and tips 18,345.00	6 Medicare tax withheld 266.00	
	7 Social security tips	8 Allocated tips	
d Employee's social security number xxx-xx-xxxx	9 Advance EIC payment	10 Dependent care benefits	
e Employee's first name and initial Last name Justine Jackson 3903 North 52nd Terrace Your City, State, and Zip Code	11 Nonqualified plans	12a See instructions for box 12 Code D 1,000.00	
	13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	12b Code	
	14 Other	12c Code	
		12d Code	
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
	xx-xxxxxxx	17,345.00	213.00			

Form **W-2** **Wage and Tax Statement** 2004 Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

a Control number	OMB No. 1545-0008	Safe, accurate, FAST! Use IRS e-file	Visit the IRS website at www.irs.gov.
b Employer identification number xx-xxxxxxx	1 Wages, tips, other compensation 3,821.00	2 Federal income tax withheld 176.00	
c Employer's name, address, and ZIP code Ana's Clothes Closet 546 Second Avenue Your City, State, and Zip Code	3 Social security wages 3,821.00	4 Social security tax withheld 237.00	
	5 Medicare wages and tips 3,821.00	6 Medicare tax withheld 55.00	
	7 Social security tips	8 Allocated tips	
d Employee's social security number xxx-xx-xxxx	9 Advance EIC payment	10 Dependent care benefits	
e Employee's first name and initial Last name Justine Jackson 1222 South Bradford Street Your City, State, and Zip Code	11 Nonqualified plans	12a See instructions for box 12 Code	
	13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	12b Code	
	14 Other	12c Code	
		12d Code	
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
	xx-xxxxxxx	3,821.00	25.00			

Form **W-2** **Wage and Tax Statement** 2004 Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

7. Sarah's 9-year-old nephew, Tommy, lived with her all year. Tommy is a U.S. citizen and had no income of his own. Sarah provided for all of her nephew's support. Can Sarah claim Tommy as a dependent?

8. Gerald's mother received $2,600 in social security payments and $900 in interest. Gerald paid $2,100 for her food and $800 for her medical bills. His mother paid $2,350 for lodging, $400 for recreation, $250 for clothes, $100 for transportation, $300 for life insurance premiums, and $100 for a television.

   a. What is the total support for Gerald's mother? _____

   b. How much did Gerald contribute toward his mother's support? _____

   c. How much did Gerald's mother contribute toward her support? _____

   d. Can Gerald claim a dependency exemption for his mother? _____

9. Cindy and Brian have a 7-year-old son who lived with them for the entire year. Is their son a qualifying child for EITC?

10. Christina's 9-year-old niece, Nancy, moved in with Christina in June. Christina cared for Nancy like she would her own child. Is Nancy a qualifying child for EITC?

11. Tom and Mary have a 21-year-old daughter who attends college full time. Their daughter lives on campus and only comes home during the summer months. Is their daughter a qualifying child for EITC?

12. Joe has three children, all under the age of 19, and they all live with his mother, Charlotte. They have lived together for two years. Joe wants to file as single and claim one child for EITC and let his mother claim the other two children for EITC. Can he do this and if so, why?

PROBLEM 3 — EITC AND CHILD CARE CREDIT

Use the following information to complete a tax return for Mary Hastings:

Mary Hastings is divorced and pays more than half the cost of keeping up her home for herself and her dependent son, Ben.

Mary and Ben live at 693 Wilson St., Your City, State, Zip Code. She wants to contribute to the Presidential Election Campaign.

Mary's date of birth is September 8, 1975. She is a shift supervisor and her daytime telephone number is 404-555-2896.

Ben's date of birth is February 1, 1999.

Mary paid $3,000 to the Fairmont Child Care Center, 200 W. Pembroke St., Your City, State, Zip Code to care for Ben while she worked.

a Control number		OMB No. 1545-0008	Safe, accurate, FAST! Use IRS e-file. Visit the IRS website at www.irs.gov.
b Employer identification number xx-xxxxxxx	1 Wages, tips, other compensation 24,592.00	2 Federal income tax withheld 1,456.00	
c Employer's name, address, and ZIP code Stonehill MFG 11231 Stonehill Ind. Park Your City, State, and Zip Code	3 Social security wages 25,092.00	4 Social security tax withheld 1,556.00	
	5 Medicare wages and tips 25,092.00	6 Medicare tax withheld 364.00	
	7 Social security tips	8 Allocated tips	
d Employee's social security number xxx-xx-xxxx	9 Advance EIC payment	10 Dependent care benefits 1,000.00	
e Employee's first name and initial Last name Mary Hastings 693 Wilson St. Your City, State, and Zip Code f Employee's address and ZIP code	11 Nonqualified plans	12a See instructions for box 12 Code D 500.00	
	13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	12b Code	
	14 Other	12c Code	
		12d 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
	xx-xxxxxxx	24,592.00	975.00			

Form **W-2** **Wage and Tax Statement** 2004 Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

13. Amanda is divorced and her 8-year old daughter, Carrie, lives with her. In order to work, Amanda pays child care expenses for Carrie. Amanda can claim Carrie as a dependent on her tax return. Is Amanda eligible for the Credit for Child and Dependent Care Expenses?

14. Jim paid someone to care for his wife, Janet. Janet is physically unable to care for herself. Jim also paid child care expenses for his 14-year old daughter, Jill. Can Jim claim the Credit for Child and Dependent Care Expenses? If so, can he claim the expenses for both Janet and Jill?

15. Ronald is totally disabled and not able to care for himself. His parents cannot claim him as a dependent because he earned more than $3,100 during the year. Is Ronald a qualifying person for the Credit for Child and Dependent Care Expenses?

PROBLEM 4 — EITC

Use the following information to complete a tax return for David and Katie Drake:

Dave and Katie Drake are married and live at 1681 Baylor Dr., Your City, State, Zip Code.

Dave's date of birth is July 16, 1950.
Katie's date of birth is October 8, 1951.

Dave and Katie have three children who lived with them the entire year:

Name	Date of Birth	Relationship
Bret Drake	February 1, 1985	son
Brittany Drake	March 4, 1986	daughter
Bunnie Drake	April 3, 1987	daughter

Dave is a shop foreman and Katie is a tutor. Their daytime and evening telephone number is (602) 555-1013.

Neither Dave nor Katie want to contribute to the Presidential Election Campaign.

a Control number | OMB No. 1545-0008 | Safe, accurate, FAST! Use IRS e-file | Visit the IRS website at www.irs.gov.

b Employer identification number: xx-xxxxxxx

c Employer's name, address, and ZIP code:
Hamilton Textiles
356 North 10th Street
Your City, State, and Zip Code

d Employee's social security number: xxx-xx-xxxx

e Employee's first name and initial: David | Last name: Drake
1681 Baylor
Your City, State, and Zip Code

f Employee's address and ZIP code

1 Wages, tips, other compensation: 21,895.00
2 Federal income tax withheld: 1,113.00
3 Social security wages: 21,895.00
4 Social security tax withheld: 1,357.00
5 Medicare wages and tips: 21,895.00
6 Medicare tax withheld: 317.00
7 Social security tips
8 Allocated tips
9 Advance EIC payment: 750.00
10 Dependent care benefits
11 Nonqualified plans
12a See instructions for box 12 — Code
13 Statutory employee [ ] Retirement plan [X] Third-party sick pay [ ]
12b Code
14 Other
12c Code
12d 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
	xx-xxxxxxx	21,895.00	980.00			

Form **W-2** Wage and Tax Statement 2004 Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

a Control number		OMB No. 1545-0008	Safe, accurate, FAST! Use IRS e-file. Visit the IRS website at www.irs.gov.
b Employer identification number xx-xxxxxxx		1 Wages, tips, other compensation 6,975.00	2 Federal income tax withheld 545.00
c Employer's name, address, and ZIP code Stanford Tutors 10923 Lafayette Your City, State, and Zip Code		3 Social security wages 6,975.00	4 Social security tax withheld 432.00
		5 Medicare wages and tips 6,975.00	6 Medicare tax withheld 101.00
		7 Social security tips	8 Allocated tips
d Employee's social security number xxx-xx-xxxx		9 Advance EIC payment	10 Dependent care benefits
e Employee's first name and initial Last name Katie Drake 1681 Baylor Dr. Your City, State, and Zip Code f Employee's address and ZIP code		11 Nonqualified plans	12a See instructions for box 12 Code
		13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	12b Code
		14 Other	12c Code
			12d 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
	xx-xxxxxxx	6,975.00	95.00			

Form **W-2** **Wage and Tax Statement** 2004 Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

PROBLEM 5 — EIC

Use the following information to complete a return for Paul and Peggy Wingate:

Paul T. and Peggy S. Wingate are married and live at 10 Victoria Rd., Your City, State, Zip Code.

They both want to contribute to the Presidential Election Campaign. They have an infant daughter, Stacy, born on October 23, 2004. Paul's date of birth is August 10, 1967 and Peggy's is February 1, 1969.

Paul works as a computer technician and Peggy was unemployed and received unemployment compensation. Daytime and evening telephone number is (614) 555-3333.

a Control number	OMB No. 1545-0008	Safe, accurate, FAST! Use IRS e-file	Visit the IRS website at www.irs.gov.
b Employer identification number xx-xxxxxxx	1 Wages, tips, other compensation 18,521.00	2 Federal income tax withheld 624.00	
c Employer's name, address, and ZIP code Whitworth Computers 278 West 5th Street Your City, State, and Zip Code	3 Social security wages 18,521.00	4 Social security tax withheld 1,148.00	
	5 Medicare wages and tips 18,521.00	6 Medicare tax withheld 269.00	
	7 Social security tips	8 Allocated tips	
d Employee's social security number xxx-xx-xxxx	9 Advance EIC payment	10 Dependent care benefits	
e Employee's first name and initial Last name Paul Wingate 10 Victoria Road Your City, State, and Zip Code f Employee's address and ZIP code	11 Nonqualified plans	12a See instructions for box 12 Code	
	13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	12b Code	
	14 Other	12c Code	
		12d 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
	xx-xxxxxxx	18,521.00	533.00			

Form **W-2** **Wage and Tax Statement** 2004 Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Unemployment compensation	OMB No. 1545-0120	
Division of Employment Security 43 West 70th Street Your City, State, and Zip Code		$ 8,643.00	2004	**Certain Government Payments**
		2 State or local income tax refunds, credits, or offsets $	Form **1099-G**	
PAYER'S Federal identification number xx-xxxxxxx	RECIPIENT'S identification number xxx-xx-xxxx	3 Box 2 amount is for tax year	4 Federal income tax withheld $	**Copy B** **For Recipient**
RECIPIENT'S name Peggy Wingate		5	6 Taxable grants $	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address (including apt. no.) 10 Victoria		7 Agriculture payments $	8 Box 2 is trade or business income ► ☐	
City, state, and ZIP code Your City, State, and Zip Code				
Account number (optional)				

Form **1099-G** (keep for your records) Department of the Treasury - Internal Revenue Service

PROBLEM 6 — DEPENDENCY

Use the following information to complete a tax return for Virginia Sterling:

Virginia A. Sterling, a senior in high school, wants help preparing her tax return. She lives at 139 N. Rosemont Ave., Your City, State, Zip Code.

Virginia lives with her parents, who will claim her as a dependent.

Virginia's date of birth is April 4, 1986. Her daytime and evening telephone number is (909) 555-4444. She wants to contribute to the Presidential Election Campaign.

a Control number	OMB No. 1545-0008	Safe, accurate, FAST! Use IRS e-file	Visit the IRS website at www.irs.gov.
b Employer identification number xx-xxxxxxx	1 Wages, tips, other compensation 4,860.00	2 Federal income tax withheld 112.00	
c Employer's name, address, and ZIP code Lincoln Card Shop 999 Austin Avenue Your City, State, and Zip Code	3 Social security wages 4,860.00	4 Social security tax withheld 301.00	
	5 Medicare wages and tips 4,860.00	6 Medicare tax withheld 70.00	
	7 Social security tips	8 Allocated tips	
d Employee's social security number xxx-xx-xxxx	9 Advance EIC payment	10 Dependent care benefits	
e Employee's first name and initial Last name Victoria Sterling 139 N. Rosemont Your City, State, and Zip Code	11 Nonqualified plans	12a See instructions for box 12 Code	
	13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	12b Code	
	14 Other	12c Code	
		12d Code	
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
	xx-xxxxxxx	4,860.00	0.00			

Form **W-2** **Wage and Tax Statement** 2004 Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

PROBLEM 7 — ADDITIONAL CHILD TAX CREDIT

Use the following information to complete a tax return for Brenda Bradford:

Brenda Bradford is a single mother of three children. She provides all the support for the children and will be filing as head of household. Brenda's mother keeps the children during the day, so Brenda has no child care expenses. Brenda is a clerk, her telephone number is 503-555-1687, her date of birth is March 10, 1975, and she would like to contribute to the Presidential Election Campaign.

The children's names and dates of birth are:

Marco	born 4/9/2001
Malinda	born 11/26/1995
Mary	born 7/5/1993

a Control number

OMB No. 1545-0008

Safe, accurate, FAST! Use IRS e-file

Visit the IRS website at **www.irs.gov**.

b Employer identification number
xx-xxxxxxx

1 Wages, tips, other compensation: 24,425.00

2 Federal income tax withheld: 1,144.00

c Employer's name, address, and ZIP code

Doane Industry
460 SE Dana Ct.
Your City, State, and Zip Code

3 Social security wages: 24,425.00

4 Social security tax withheld: 1,514.00

5 Medicare wages and tips: 24,425.00

6 Medicare tax withheld: 354.00

7 Social security tips

8 Allocated tips

d Employee's social security number
xxx-xx-xxxx

9 Advance EIC payment: 468.00

10 Dependent care benefits

e Employee's first name and initial — Last name

Brenda Bradford
5566 Berry Road
Your City, State, and Zip Code

f Employee's address and ZIP code

11 Nonqualified plans

12a See instructions for box 12 — Code

13 Statutory employee [ ] Retirement plan [X] Third-party sick pay [ ]

12b Code

14 Other

12c Code

12d 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
	xx-xxxxxxx	24,425.00	689.00			

Form **W-2** **Wage and Tax Statement** 2004 Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

Form **13615B** (September-2004)	Department of the Treasury – **Internal Revenue Service** **C-VITA Volunteer Agreement** **(Standards of Conduct – Volunteer Return Preparation Program)**	

The mission of the Volunteer Return Preparation Program is to provide free basic tax return preparation for eligible taxpayers. Volunteers are the program's most valuable resource. To establish the greatest degree of public trust Volunteers have a responsibility to provide high quality service and uphold the highest of ethical standards.

Participants in the Volunteer Return Preparation Program commit to the following standards of conduct:

- I will treat all taxpayers professionally, with courtesy and respect
- I will safeguard the confidentiality of taxpayer information
- I will apply the tax laws equitably and accurately to the best of my ability
- I will only prepare returns within the scope of my training and experience
- I will exercise reasonable care in the use and protection of equipment and supplies
- I will not solicit business from taxpayers I assist
- I will not accept payment for the services I provide

Volunteer Name (print)	**Volunteer Signature and Date**
Home Street Address	Daytime Telephone Number
City, State and Zip Code	E-mail Address
Sponsoring Organization Name	

This form is to be retained at the Site or Partner level.

Certification (IRS or Sponsor Use Only)

Certified by: _____ Date: _____

Privacy Act Notice

The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory.

Our legal right to ask for information is 5 U.S.C. 301.

We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers.

Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

CERTIFICATION PART I

You must answer correctly two of the following three questions. Each question has multiple parts and each part must be answered correctly.

1. Mary's Aunt Sarah has no income and lived with Mary all year. Mary provided all of Sarah's support and paid the entire cost of keeping up a home for herself and Sarah. Sarah and Mary are both U.S. citizens and single.

    a. Can Mary claim her Aunt Sarah as a dependent?

    b. What is the most advantageous filing status for Mary?

2. Tyrone is 22 years old, single, and a full-time student at a local college. In 2004, he had a part time job and earned $5,900, all of which he put in a savings account. Tyrone lives at home with his divorced mother and is fully supported by her. She paid the entire cost of keeping up a home for herself and Tyrone. Both Tyrone and his mother are U.S. citizens.

    a. Can Tyrone's mother claim him as a dependent on her 2004 tax return?

    b. What is the most advantageous filing status for Tyrone's mother?

    c. Is Tyrone a qualifying child for EITC?

3. Ed and Judith are married. Their 10-year-old granddaughter, Melissa, lived with them for the entire year. They provided all the support for Melissa and paid the entire cost of keeping up a home for themselves and their granddaughter. Ed, Judith, and Melissa are U.S. citizens.

   a. What is the most advantageous filing status for Ed and Judith?

   b. Can Ed and Judith claim Melissa as a dependent on their tax return?

   c. Is Melissa a qualifying child for EITC?

CERTIFICATION PART II

You must correctly complete one of the following returns. Your instructor will tell you which one.

Problem 1

Complete a tax return for Julie Milligan who is divorced and has three children who lived with her for the entire year. She provided all the support for the children and paid the entire cost of keeping up a home for herself and her children. She would like to contribute to the Presidential Election Campaign.

Julie Milligan
259 S. Third St.
Your City, State, Zip Code

Date of birth:	August 23, 1973
Telephone:	601-555-1298
Occupation:	Factory worker

Children:

Name	Date of Birth	Relationship
Ted	May 18, 1995	Son
Meghan	January 28, 1997	Daughter
Emily	October 10, 1999	Daughter

a Control number		OMB No. 1545-0008	Safe, accurate, FAST! Use IRS e-file. Visit the IRS website at www.irs.gov.
b Employer identification number xx-xxxxxxx		1 Wages, tips, other compensation 23,750.00	2 Federal income tax withheld 598.00
c Employer's name, address, and ZIP code Coker Tool & Die Company 11 Coker Road Your City, State, and Zip Code		3 Social security wages 24,250.00	4 Social security tax withheld 1,504.00
		5 Medicare wages and tips 24,250.00	6 Medicare tax withheld 352.00
		7 Social security tips	8 Allocated tips
d Employee's social security number xxx-xx-xxxx		9 Advance EIC payment 437.00	10 Dependent care benefits
e Employee's first name and initial Last name Julie Milligan 259 S. Third St. Your City, State, and Zip Code f Employee's address and ZIP code		11 Nonqualified plans	12a See instructions for box 12 Code D 500.00
		13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	12b Code
		14 Other	12c Code
			12d 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
	xx-xxxxxxx	23,750.00	612.00			

Form **W-2** **Wage and Tax Statement** 2004 Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

Problem 2

Miguel is a single parent. He provides all the support for his children, Pedro and Tina, who live with him.

Social Security	*Social Security*	*Social Security*
XXX-XX-XXXX	XXX-XX-XXXX	XXX-XX-XXXX
This number has been established for	This number has been established for	This number has been established for
Miguel Ignacio Amarillo	*Pedro Mitchell Amarillo*	*Tina Anna Amarillo*

Dates of Birth:
Miguel, May 4, 1960 Pedro, April 6, 1998 Tina, May 17, 2000

Miguel says he is a journalist. His states that his current address is the same as the one on his check and would like his refund directly deposited in the bank.

He gives you all the information documents he's received. He says that he has no other income. After looking at his documents, you ask him if his EIC was disallowed or reduced in the past two years and he tells you that it has not.

After being asked, he also states he did not receive any distributions from his retirement plan.

During the interview you determine he does not qualify for any adjustments to his total income. You also review his expenses and determine he cannot itemize his deductions and therefore will take the standard deduction.

a Control number 123455	OMB No. 1545-0008	Safe, accurate, FAST! Use IRS e-file	Visit the IRS website at www.irs.gov.
b Employer identification number XX-XXXXXXX	1 Wages, tips, other compensation 21,084.66	2 Federal income tax withheld 1,248.22	
c Employer's name, address, and ZIP code Madison Magazine 200 E Third Your City, State Zip	3 Social security wages 21,609.66	4 Social security tax withheld 1,340.00	
	5 Medicare wages and tips 21,609.66	6 Medicare tax withheld 313.00	
	7 Social security tips	8 Allocated tips	
d Employee's social security number XXX-XX-XXXX	9 Advance EIC payment 710.00	10 Dependent care benefits	
e Employee's first name and initial Last name Miguel Amarillo 155 W First Street Your City, State Zip	11 Nonqualified plans	12a See instructions for box 12 Code D 525.00	
	13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	12b Code	
	14 Other	12c Code	
f Employee's address and ZIP code		12d 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
XX	XX-XXXXXXX	21,084.66	211.00			

Form **W-2** Wage and Tax Statement 2004 Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

Instructor's Notes

Introduction

This course integrates tax law and TaxWise software. Instructors should have experience teaching traditional VITA and be very familiar with the TaxWise software. Any training that uses software will have its own inherent problems. Instructors who have previous experience teaching TaxWise will be best able to handle the many hardware and software issues that can arise during a training session.

The supplemental training material includes exercises on different aspects of tax law. Completion of the exercises is not mandatory. They are provided to the instructors and students as teaching tools where needed to ensure understanding of the material.

The classroom should have the following:

- Computers for each student
- Instructor computer module
- Projector

ALERT: TaxWise Version 18.12 contains the Advance Child Tax Credit. When using this version you will need to explain the change in tax law. It is your choice on how to treat the advance. However, the answers to the problems are based on the receipt of the full advance child tax credit.

Preparation

To ensure a positive learning experience, C-VITA training must be conducted in a computer room or lab. Ideally, there should be no more than 20 students. A roving instructor assistant with TaxWise experience should be available for every 10 students.

Prior to the class, the instructors should visit the computer lab and ensure the same TaxWise version is loaded and operational on each computer. The following tax form defaults should be set on each computer terminal. These procedures are based on TaxWise Version 18.12 and may need adjusting if teaching with Version 19.0 or higher. In addition, refer to Publication 3189, Volunteer e-file Administrator's Guide, for additional procedures when setting tax form defaults.

Setting Tax Form Defaults

Tax Form Defaults are used to enter information you want to appear in all tax returns such as preparer name, site address, site identification number, etc. You should log into TaxWise using the user name ADMIN to change tax form defaults. You should set these defaults before you add new user names so that settings can be copied to the new users when you add them. Return to the TaxWise Home Page and click on change user. Change to ADMIN:

- Click on Tools.
- Select Edit Tax Form Defaults.
- Highlight "1040" Package.
- Click OK.
- Click Yes on "Any changes made will only affect subsequent new returns in this user. Continue?
- Automatically opens to the Main Information Sheet in the initial forms.

Note: Print packet defaults are no longer a part of Tax Form Defaults. TaxWise has moved this feature to the Utility Menu. See Setting Print Package Default section of this publication.

Setting Tax Form Defaults/Initial Forms

- **Select Main Information Sheet** (F3 marks space red for required info or removes red).
- Tab to Telephone Number. Click in Daytime Taxpayer box. Press F3.
- Scroll to Birth date. Click in Taxpayer box. Press F3.
- Tab to Occupation. Click in Taxpayer box. Press F3.
- Scroll to "Are you excluding income from Puerto Rico?" Put X in no box.
- Scroll to "Presidential Election Campaign". Click in Yes box. Press F3.
- Scroll to "State Information". If you prepare state returns, enter your two letter state abbreviation in "full year resident" box.
- Scroll to Type of Return. Put X in e-file only box.
- Scroll to Third Party Designee. Put X in no box.
- Scroll to the Preparer Information section. **IRS will issue a "Site Identification Number" to every site. This number must be entered in the PTIN field in the Preparer Information section. No other information is needed in this section.**
- Leave all other Preparer fields blank.

- **Non-paid preparer indicator: Leave this field blank. If an entry is made in this field, the following error message will display: "Invalid non-paid preparer entry. Please reenter." Note that this is different from last year.**
- Press F10 to save and move to next form.

Select Schedule B (& "Interest Stmt Interest Income" and "Dividend Stmt Dividend Income" Forms)

- Scroll to line 1a. Click in Name field. Press F3.
- Scroll to line 1b. Click in Payer field. Press F3.
- Press F10 to save and move to next form.

Select Schedule C-EZ

- Scroll to Gross Receipts. Press F3.
- Press F10.

Select Form W-2

- Scroll to Name Code. Press F3.
- Tab to Federal Income Tax. Press F3.
- Tab to lower left section of form where there are boxes for state information and
- Press F3 in first box. (You may enter your state's two-letter name (e.g. "MO" in the two-character box.)
- Press F10.

Select Form 8453

- Type in your EFIN.
- Scroll to Part III, Declaration of Electronic Return Originator.
- Click in SSN. Press F3.
- **Click in PTIN. Enter the Site Identification Number.**
- Click in "Firm Name". Type name of VITA or TCE site.
- Click in "Firm Address". Type in site street address.
- Click in "EIN". Press F3.
- Click in "Zip Code". Type in site zip code.
- Press F10.

C-VITA Course Material

Each volunteer student should have one copy each of the following:

Publication 3888, C-VITA Training Guide
Publication 3922, C-VITA Supplemental Training Guide
Publication 17, Your Federal Income Tax Guide
Form 1040

Publication 3922 is designed both as a student guide and an instructor guide. Therefore, you may wish to remove the answers to the exercises, problems, and certification problems prior to distributing to the class. These answers are on the last two pages of the material.

Teaching Method

Each C-VITA problem requires instructors to teach tax law and TaxWise simultaneously. Instructors should teach specific TaxWise features, incorporate applicable tax law, and then teach additional TaxWise features. This can be accomplished by using the TaxWise Main Information Sheet as an outline.

C-VITA is designed as a six to eight hour course. The suggested teaching times only provide an idea of how much time to spend on any one subject. However, depending on the background of the volunteers and their computer skills, the actual times may vary.

Social Security Numbers (SSN), Employer Identification Numbers (EIN), Routing Transit Numbers (RTN) and Depositor Account Numbers (DAN):

Due to the TaxWise restrictions on creating SSNs, EINs, RTNs, and DANs for training, these numbers are identified using a series of x's in the problems or on the applicable forms. During preparation, the instructor should construct a list of SSNs, EINs, RTNs and DANs needed for the training using the training EFIN where necessary. This will also allow you to create lists of numbers for multiple days of training on the same computers.

For example:

Class #1		
Problem #1		
	Name	**EIN/SSN**
	Baker Supply	11-1234567
	Karen Anderson	111-23-4567
Problem #2		
	Name	**EIN/SSN**
	Highland Hardware	11-2234567

Class #2		
Problem #1		
	Name	**EIN/SSN**
	Baker Supply	22-1234567
	Karen Anderson	222-23-4567
Problem #2		
	Name	**EIN/SSN**
	Highland Hardware	22-2234567

Topic	Suggested Teaching Times
Introduction	15 minutes
TaxWise Tool Bars and Orientation	15 minutes
Problem 1	
Filing Status - Single	15 minutes
Exemptions	15 minutes
Form W-2 Income	15 minutes
Finishing the Return	30 minutes
Running Diagnostics/Printing	15 minutes
Problem 2	
Filing Status	15 minutes
Dependents	15 minutes
Earned Income Tax Credit	30 minutes
Child & Dependent Care Credit	15 minutes
Finishing the Return	15 minutes
Problem 3	30 minutes
Other Types of Income	30 minutes
Problem 4	30 minutes
Certification	30 – 45 minutes

TaxWise Hints for Handling Income Statements

Form W-2

Emphasize the following:

- Addresses must match
- Electronic Form W-2 must be exactly like paper Form W-2
- Don't forget AEIC, Dependent Care Benefits, and Box 12 entries

Form 1099-DIV and Form 1099-INT

A Schedule B is now required for interest or dividends over $1,500. It is still recommended that students develop a routine of using the worksheets where available when entering income. This enables a preparer to quickly add interest or dividends if the taxpayer forgot to provide all the statements.

Form 1099-G

Link and complete the 1099-G. Remind students to not forget any federal income tax withheld.

Form 1099-MISC

The only Form 1099-MISC that C-VITA students should handle is non-employee compensation. If a taxpayer has this form, students should open a Schedule C-EZ then link from line 1 to complete a Form 1099-MISC. Information will then carry to Schedule SE and Schedule C-EZ.

Form W-2G

Form W-2G is issued to a taxpayer when he or she receives gambling winnings. Link from Line 21 and complete a worksheet.

1. Head of Household
2. Married Filing Separately or Head of Household. It is more advantageous to Christine to file Head of Household because her standard deduction will be higher.
3. Yes. Lisa can claim Head of Household because she provides more than half the cost of keeping up the home where she and her child live. Dependency is not required for this filing status.
4. Married Filing Separately or Married Filing Jointly.
5. No
6. Yes
7. Yes
8.
   a. $6,100
   b. $2,900
   c. $3,200
   d. No. He did not pay more than half her total support.
9. Yes
10. Yes
11. Yes
12. Yes. Joe should use the filing status of Single since he did not provide more than half the cost of keeping up the home. Even though he will not claim any of the children as dependents on his return, he can claim one or more of his children for EITC purposes.
13. Yes
14. Yes. He can only claim expenses for his wife. His daughter is over the age of 13.
15. Yes

The following answers were derived using TaxWise version 18.12. Any other version of TaxWise can result in correct but different answers.

1.

AGI	$16,298
TI	$8,498
EIC	$0
Computed Tax	$921
Refund	$899

2.

AGI	$21,166
TI	$8,066
EIC	$1,357
Computed Tax	$0
Refund	$2,800

3.

AGI	$24,592
TI	$11,492
EIC	$814
Computed Tax	$0
Refund	$2,299

4.

AGI	$28,870
TI	$4,120
EIC	$1,225
Computed Tax	$1,163
Refund	$1,720

5.

AGI	$27,164
TI	$8,514
EIC	$558
Computed Tax	$0
Refund	$1,404

6.

AGI	$4,860
TI	$110
EIC	$0
Computed Tax	$11
Refund	$101

7.

AGI	$24,425
TI	$5,225
EIC	$1,952
Computed Tax	$468
Refund	$3,905

Part I

1.a. Yes
1.b. Head of Household

2.a. Yes
2.b. Head of Household
2.c. Yes

3a. Married Filing Jointly
3b. Yes
3c. Yes

Part II

The following answers were derived using TaxWise version 18.12. Any other version of TaxWise can result in correct but different answers.

1.

AGI	$23,750
TI	$4,550
EIC	$2,089
Computed Tax	$437
Refund	$3,575

2.

AGI	$21,085
TI	$4,935
EIC	$2,657
Computed Tax	$710
Refund	$4,254

Understanding Taxes:
Just a Point and Click Away!

Students can learn about taxes online @

- http://www.irs.gov/app/understandingTaxes/index.jsp

Learn about.....

- The History of Taxes
- How to prepare the basic tax return

Instructions on how to prepare a tax return
are also available in Spanish @
www.irs.gov/app/understandingTaxes/jsp/tools_using_hows.jsp.

Link & Learn Taxes

linking volunteers to quality e-learning solutions

E-learning for Volunteer Return Preparation is now available.

Take this VITA/TCE course on-line @

www.irs.gov
Enter keyword: "volunteer training" or "link and learn"

The benefits.....

- Work at your own pace
- Access it anytime, anywhere-24/7...it's on the Internet
- Complete your volunteer certification online

Share your opinion.....

Check-out the course and send your comments to partner@irs.gov