# Step 0 Intake + Interview 🡺 Filing Status, Dependency



[Driver’s Licenses go here…]

Before starting the return in TSO, you examine SS cards and picture id, review and correct the Intake Sheet, examine the prior year return, and examine and sort all tax documents. You also ask probing questions to determine dependency status and the appropriate filing status.

You can start filling out the NJ Checklist and the NJ HCC / SRP Worksheet at any time.

Notes from examination of prior year return:

* They did not itemize last year
* They received a tax refund last year of $213 on their federal return and $200 on their NJ return

Extra interview information for NJ:

* Contribution to the Gubernatorial Election Campaign Fund should be handled the same as their contribution to the Presidential Election Campaign Fund.
* Any NJ refund or amount owed should be handled the same as the Federal
* Nathan is not a veteran
* Nancy is a veteran (and handled her initial NJ application in a prior year)
* Their total rent for the year was 10,000. Their apartment met all Property Tax Eligibility Requirements
* They say they’d like you to calculate their default estimated Use Tax

Health Insurance (Use NJ HCC / SRP Worksheet):

* Nathan was covered by a (MEC) policy all year except for May 5th to August 28th (when he was covered by Nancy’s (non-MEC) policy)
	+ His Exemption number is B0197935203 (Optional: Apply online yourself)
* Nancy had non-MEC insurance all year
* Niko had MEC coverage all year. Niko had no income.

**Reference:** 4012 Tab A, B, C

**Tool:** IRS Interactive Tax Assistant (link on Preparer page)

**Tool:** AARP Resource Tool for Counselors (Laminated Flow Chart)

**Tool:** Dependent Calculator (link on Preparer page)

# Step 1 Basic Information

Enter Nathan’s SSN to start the return

## Step 1a Filing Status

Use the Filing Status you figured out as part of Step 0

## Step 1b Personal Information

Use Intake Sheet and interview notes

## Step 1c New Jersey Return – Property Tax



No matter what the correct answer to this question is, please answer “NO”. We will work on the NJ return once we are finished with the Federal return.

## Step 1d New Jersey Return – Health Care



No matter what the correct answer to this question is, please answer “YES”. We will work on the NJ return once we are finished with the Federal return.

## Step 1e New Jersey Return – Basic Info

Next, you will get a screen with various NJ Basic Information questions.

Do not answer any of these questions now – just click “CONTINUE”

## Step 1f Dependents or Qualifying Person(s)

Enter information for dependent(s).

Federal AGI: 0 Federal Refund: 0 NJ Refund: 0

# Step 2 W-2



Federal AGI: 40,000 Federal Refund: 4,033 NJ Refund: 658

**Note:** Nothing new here except the new max Box 14 values

# Step 3 Alimony Received

Nathan received alimony of 3,600. The agreement was modified to conform to TCJA (Tax Cuts and Job Act of 2017) on 07-01-2019.

Federal AGI: 40,000 Federal Refund: 4,033 NJ Refund: 595

**Q:** Why did the Federal info stay the same, but the NJ Refund changed?

# Step 4 Alimony Paid

Nancy paid alimony of 3,700. The Recipient’s SSN is 884-xx-xxxx. The agreement was modified to conform to TCJA on 07-01-2019.

Federal AGI: 40,000 Federal Refund: 4,033 NJ Refund: 660

# Step 5 Sch A

The Newtons paid 5,000 for medical and dental insurance.

Federal AGI: 40,000 Federal Refund: 4,033 NJ Refund: 732

**Note:** The Sch A line 3 is only 7.5% of AGI.

# Step 6 Tuition



Nathan and Nancy paid $2,750 for Niko’s college tuition plus an additional $3,500 for room and board. They spent $250.00 on course related textbooks and supplies (which were not an enrollment requirement) plus $500.00 for a new computer (Some of Niko’s courses required that he submit homework assignments and interact with instructors online).

Niko did not receive a 1098-T for 2018. This is Niko’s first year in his (undergraduate) college degree program. Niko has no felony convictions of any kind. Niko has not claimed any education credit on 4 prior tax returns.

**Reference**: 4012 Tab J

**Hint:** Be sure to pick correct Eligible Student

**Check:** Values for each option:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Qualified Expenses** | **Federal Refund** | **NJ Refund** |
| **Tuition and Fees Deduction** | 2,750 | 4,308 | 732 |
| **Lifetime Learning** | 2,750 | 4,583 | 732 |
| **American Opportunity** | 3,500 | 6,046 | 732 |

Federal AGI: 40,000 Federal Refund: 6,046 NJ Refund: 732

# Step 7 Residential Energy Credit

This credit was reinstated by the Extender bill passed at the end of December, but TSO has not implemented it yet (as of 01-20-2020)

Federal AGI: 40,000 Federal Refund: 6,046 NJ Refund: 732

# Step 8 Sch A

The PMI entry in Sch A, line 8d was reinstated by the Extender bill passed at the end of December, but TSO has not implemented it yet (as of 01-20-2020)

Federal AGI: 40,000 Federal Refund: 6,046 NJ Refund: 732

# Step 9 Health Insurance (Federal)

The Newtons did not purchase health insurance via HealthCare.gov

Federal AGI: 40,000 Federal Refund: 6,046 NJ Refund: 732

# State Section (New Jersey)

If TSO asks you the Property Tax question and the Health Care question when you start working on the NJ return, answer “NO” and “YES” respectively. We want to go through the NJ sections in the order they appear on the New Jersey Return screen.

As of 01-20-2020 TSO only recalculates the NJ refund when you exit click “EXIT NEW JERSEY RETURN” – you will need to do this between steps if you want to check your NJ Refund numbers.

## Step 10a NJ Checklist – Basic Information

No extensions (federal or NJ) were filed.

Federal AGI: 40,000 Federal Refund: 6,046 NJ Refund: 855

## Step 10b NJ Checklist – Income Subject to Tax

Federal AGI: 40,000 Federal Refund: 6,046 NJ Refund: 855

## Step 10c NJ Checklist – Subtractions from Income

Federal AGI: 40,000 Federal Refund: 6,046 NJ Refund: 855

##  Step 10d NJ Checklist – Credits

**Q:** What questions did you ask to determine if they met the Property Tax Eligibility Requirements?

Federal AGI: 40,000 Federal Refund: 6,046 NJ Refund: 905

## Step 10e NJ Checklist – Tax

**Hint:** Use the NJ HCC / SRP Worksheet

**Hint:** Entering info into TSO is required for all people on the return

Federal AGI: 40,000 Federal Refund: 6,046 NJ Refund: 146

**Q:** For what months does Nathan need an exemption?

**Q:** What exemption might Nathan qualify for?

**Q:** How do you answer the YES/NO question for Nathan for the months of May – August?

**Q:** Is Nancy’s SRP payment based on the flat rate amount or the income % amount?

## Step 10f NJ Checklist – Payments

Federal AGI: 40,000 Federal Refund: 6,046 NJ Refund: 146

##  Step 10g NJ Checklist – Miscellaneous Forms

Federal AGI: 40,000 Federal Refund: 6,046 NJ Refund: 146