



Supplemental Training Guide

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

Table of Contents

Introduction.....	3
Problems/Exercises.....	4
Certification Form.....	23
Certification Problems.....	25
Evaluation Form.....	31
Instructor Notes.....	33
Answers to Exercises.....	41

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 can and should 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. 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.

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 your tax law knowledge and tax preparation software skills.

Problem 1 – Basic Tax Issues

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

Name: Karen Anderson
 Address: 606 Campbell Rd.
 Atlanta, GA 30304
 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 Visit the IRS Web Site at www.irs.gov .			
b Employer identification number		1 Wages, tips, other compensation 16,298	2 Federal income tax withheld 1,820				
c Employer's name, address, and ZIP code Baker Supply Co. 10220 West 2nd St. Atlanta, GA 30304		3 Social security wages 16,298	4 Social security tax withheld 1,010				
		5 Medicare wages and tips 16,298	6 Medicare tax withheld 236				
		7 Social security tips	8 Allocated tips				
d Employee's social security number		9 Advance EIC payment		10 Dependent care benefits			
e Employee's first name and initial Last name Karen Anderson 606 Campbell Atlanta, GA 30304		11 Nonqualified plans		12a See instructions for box 12			
		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <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	
GA		16,298	757				

Form **W-2** Wage and Tax Statement

2002

Department of the Treasury—Internal Revenue Service

Copy B To Be Filed with Employee's FEDERAL Tax Return. (Rev. February 2002)
 This information is being furnished to the Internal Revenue Service.

Exercises - Filing Status

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 2002. 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 \$4,000 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?

Problem 2 – EITC and Additional Forms W-2

Add the following information to Problem 1 to determine filing status, dependency, and EITC.

Karen has a 9-year-old son, Clark, who lived with her for the entire year. She provided for his total support and paid all the costs of keeping up a home for herself and her son. Clark was born on February 1, 1998.

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use Visit the IRS Web Site at www.irs.gov .		
b Employer identification number			1 Wages, tips, other compensation 3,469	2 Federal income tax withheld 72		
c Employer's name, address, and ZIP code Highland Hardware 1521 Highland Ave. Atlanta, GA 30304			3 Social security wages 3,469	4 Social security tax withheld 215		
			5 Medicare wages and tips 3,469	6 Medicare tax withheld 50		
			7 Social security tips	8 Allocated tips		
			d Employee's social security number			9 Advance EIC payment
e Employee's first name and initial Last name Karen Anderson 8594 W. Ferris St. Atlanta, GA 30304			11 Nonqualified plans		12a See instructions for box 12	
			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>	12b		
			14 Other		12c	
					12d	
f Employee's address and ZIP code						
15 State GA	Employer's state ID number	16 State wages, tips, etc. 3,469	17 State income tax 0	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement

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Exercises - Dependency

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? _____

Exercises - Earned Income Credit

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

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., Atlanta, GA 30304. 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 day-time telephone number is 404-555-2896.

Ben's date of birth is February 1, 1998.

Mary paid \$3,000 to the Fairmont Child Care Center, 200 W. Pembroke St., Atlanta, GA 30304 to care for Ben while she worked.

a Control number	OMB No. 1545-0008		Safe, accurate, FAST! Use		Visit the IRS Web Site at www.irs.gov .
b Employer identification number	1 Wages, tips, other compensation 24,592	2 Federal income tax withheld 1,456			
c Employer's name, address, and ZIP code Stonehill MFG 11231 Stonehill Ind. Park Atlanta, GA 30304	3 Social security wages 25,092	4 Social security tax withheld 1,556			
	5 Medicare wages and tips 25,092	6 Medicare tax withheld 364			
	7 Social security tips	8 Allocated tips			
d Employee's social security number	9 Advance EIC payment	10 Dependent care benefits 1,000			
e Employee's first name and initial Last name Mary Hastings 693 Wilson St. Atlanta, GA 30304	11 Nonqualified plans	12a See instructions for box 12 D 500			
	13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	12b			
	14 Other	12c			
		12d			
f Employee's address and ZIP code					
15 State Employer's state ID number GA	16 State wages, tips, etc. 24,592	17 State income tax 975	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement

2002

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Exercises – Credit for Child and Dependent Care Expenses

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 daycare 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 \$3,000 during the year. Is Ronald a qualifying person for the Credit for Child and Dependent Care Expenses?

Problem 4 – EITC

Dave and Katie Drake are married and live at 1681 Baylor Dr., Phoenix, AZ 85026.

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:

<u>Name</u>	<u>Date of Birth</u>	<u>Relationship</u>
Bret Drake	February 1, 1983	son
Brittany Drake	March 4, 1984	daughter
Bunnie Drake	April 3, 1985	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.

Complete Dave and Katie's tax return.

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use Visit the IRS Web Site at www.irs.gov .	
b Employer identification number			1 Wages, tips, other compensation 21,895	2 Federal income tax withheld 1,113	
c Employer's name, address, and ZIP code Hamilton Textiles 365 North 10th St. Phoenix, AZ 85026			3 Social security wages 21,895	4 Social security tax withheld 1,357	
			5 Medicare wages and tips 21,895	6 Medicare tax withheld 317	
			7 Social security tips	8 Allocated tips	
d Employee's social security number			9 Advance EIC payment 750	10 Dependent care benefits	
e Employee's first name and initial		Last name		11 Nonqualified plans	
Dave Drake 1681 Baylor Dr Phoenix, AZ 85026		13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12a See instructions for box 12	
				12b	
				12c	
12d		14 Other			
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
AZ	AZ	21,895	980		
20 Locality name					

Form **W-2** Wage and Tax Statement

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a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use  Visit the IRS Web Site at www.irs.gov .	
b Employer identification number			1 Wages, tips, other compensation 6,975	2 Federal income tax withheld 545	
c Employer's name, address, and ZIP code Stanford Tutors 10923 Lafayette Phoenix, AZ 85026			3 Social security wages 6,975	4 Social security tax withheld 432	
			5 Medicare wages and tips 6,975	6 Medicare tax withheld 101	
			7 Social security tips	8 Allocated tips	
d Employee's social security number			9 Advance EIC payment	10 Dependent care benefits	
e Employee's first name and initial Last name Katie Drake 1681 Baylor Dr Phoenix, AZ 85026			11 Nonqualified plans		12a See instructions for box 12
			13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <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
AZ		6,975	95		
			20 Locality name		

Form **W-2** Wage and Tax Statement

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Problem 5 - EIC

Paul T. and Peggy S. Wingate are married and live at 10 Victoria Rd., Columbus, OH 43216.

They both want to contribute to the Presidential Election Campaign. They have an infant daughter, Stacy, born on October 23, 2002. 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.

Complete their return.

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use Visit the IRS Web Site at www.irs.gov .		
b Employer identification number			1 Wages, tips, other compensation 18,521	2 Federal income tax withheld 624		
c Employer's name, address, and ZIP code Whitworth Computers 278 West 5th St. Columbus, OH 43216			3 Social security wages 18,521	4 Social security tax withheld 1,148		
			5 Medicare wages and tips 18,521	6 Medicare tax withheld 269		
			7 Social security tips	8 Allocated tips		
d Employee's social security number			9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name Paul T. Wingate 10 Victoria Rd. Columbus, OH 43216			11 Nonqualified plans		12a See instructions for box 12	
			13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <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	
OH		18,521	533			

Form **W-2** Wage and Tax Statement

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Problem 6 - Dependency

Virginia A. Sterling, a senior in high school, wants help preparing her tax return. She lives at 139 N. Rosemont Ave., Riverside, CA 92502.

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

Virginia's date of birth is April 4, 1984. Her daytime and evening telephone number is (909) 555-4444. She wants to contribute to the Presidential Election Campaign.

Complete her tax return.

a Control number		OMB No. 1545-0008	Safe, accurate, FAST! Use Visit the IRS Web Site at www.irs.gov .
b Employer identification number	1 Wages, tips, other compensation 4,860	2 Federal income tax withheld 112	
c Employer's name, address, and ZIP code Lincoln Card Shop 999 Austin Ave Riverside, CA 92502	3 Social security wages 4,860	4 Social security tax withheld 301	
	5 Medicare wages and tips 4,860	6 Medicare tax withheld 70	
	7 Social security tips	8 Allocated tips	
d Employee's social security number	9 Advance EIC payment	10 Dependent care benefits	
e Employee's first name and initial Last name Victoria A. Sterling 139 N. Rosemont Ave Riverside, CA 92502	11 Nonqualified plans	12a See instructions for box 12	
	13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	12b	
	14 Other	12c	
		12d	
f Employee's address and ZIP code			
15 State Employer's state ID number CA	16 State wages, tips, etc. 4,860	17 State income tax 0	18 Local wages, tips, etc.
			19 Local income tax
			20 Locality name

Form **W-2** Wage and Tax Statement

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Problem 7 – Self Employment

Ken Stanford is an independent painting contractor in the construction industry. He lives at 465 Spruce Rd., Kansas City, KS 66110 and his date of birth is May 18, 1970. He is divorced and his daughter, Jennifer, lives with him. Her date of birth is October 28, 1992.

Ken had gross receipts of \$20,746 and supply expenses of \$2,987. He has the following information on his vehicle:

Vehicle placed in service 3/6/2002
Total business miles 1,564
Total personal miles 0
Owns a 2nd vehicle for personal use
Maintains a written log of mileage

He does not wish to contribute to the Presidential Election Campaign.

Prepare Ken's tax return.

Problem 8 – Tuition & Fees Deduction

Alice and Jim Post are filing a joint return. They each have a Form W-2 and no other income. They have three dependent children, two of whom they send to day care to allow them both to work. Their son, Joe, is a sophomore and full time student at Syracuse University. Alice and Jim paid \$9,000 in tuition and fees. They tell you they want to take advantage of the new tuition and fees deduction. They do not want to contribute to the Presidential Election Campaign. Alice's date of birth is August 30, 1968, and Jim's is February 22, 1966.

The children and the amounts paid for day care are below:

Joe	DOB 1/2/1982		Son
Marie	DOB 4/19/1992	\$1,900	Daughter
Martha	DOB 7/4/1999	\$6,250	Daughter

Day Care Facility Concord Child Care
 4014 Hamilton Lane
 Concord, NH 03301

a Control number		OMB No. 1545-0008	Safe, accurate, FAST! Use Visit the IRS Web Site at www.irs.gov .		
b Employer identification number	1 Wages, tips, other compensation 14,650	2 Federal income tax withheld 364			
c Employer's name, address, and ZIP code Casper Appliances 201 West Third St. Hartford, CT 06101	3 Social security wages 14,650	4 Social security tax withheld 908			
	5 Medicare wages and tips 14,650	6 Medicare tax withheld 212			
	7 Social security tips	8 Allocated tips			
d Employee's social security number	9 Advance EIC payment	10 Dependent care benefits			
e Employee's first name and initial Last name Alice Post 1010 North Franklin Concord, NH 03301	11 Nonqualified plans	12a See instructions for box 12			
	13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	12b			
	14 Other	12c			
		12d			
f Employee's address and ZIP code					
15 State Employer's state ID number NH	16 State wages, tips, etc. 14,650	17 State income tax 213	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement

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(Rev. February 2002)

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS Web Site at www.irs.gov .		
b Employer identification number				1 Wages, tips, other compensation 48,250	2 Federal income tax withheld 3,848			
c Employer's name, address, and ZIP code Thornton Electronics 695 South 23rd St. Concord, NH 03301				3 Social security wages 49,250	4 Social security tax withheld 3,053			
				5 Medicare wages and tips 49,250	6 Medicare tax withheld 714			
				7 Social security tips	8 Allocated tips			
d Employee's social security number				9 Advance EIC payment	10 Dependent care benefits 1,000			
e Employee's first name and initial Last name Jim Post 1010 North Franklin Concord, NH 03301				11 Nonqualified plans	12a See instructions for box 12 C o d e			
				13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>	12b C o d e			
				14 Other	12c C o d e			
					12d C o d e			
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		
NH		48,250	1,821					

Form **W-2** Wage and Tax Statement

2002

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(Rev. February 2002)

Problem 9 – Additional Child Tax Credit

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 date of birth are:

Marco born 4/9/2000
 Malinda born 11/26/1994
 Mary born 7/5/1992

Prepare Brenda's tax return.

a Control number	OMB No. 1545-0008		Safe, accurate, FAST! Use		Visit the IRS Web Site at www.irs.gov .
b Employer identification number	1 Wages, tips, other compensation 24,425	2 Federal income tax withheld 1,144			
c Employer's name, address, and ZIP code Doane Industry 460 SE Dana Ct Portland, OR 97208	3 Social security wages 24,425	4 Social security tax withheld 1,514			
	5 Medicare wages and tips 24,425	6 Medicare tax withheld 354			
	7 Social security tips	8 Allocated tips			
d Employee's social security number	9 Advance EIC payment 468	10 Dependent care benefits			
e Employee's first name and initial Last name Brenda Bradford 5566 Berry Portland, OR 97206	11 Nonqualified plans	12a See instructions for box 12			
	13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	12b			
	14 Other	12c			
		12d			
f Employee's address and ZIP code	15 State Employer's state ID number OR	16 State wages, tips, etc. 24,425	17 State income tax 689	18 Local wages, tips, etc.	19 Local income tax
					20 Locality name

Form **W-2** Wage and Tax Statement

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(Rev. February 2002)

Problem 10 – Pension and Social Security

Robert and Ann Butler are retired and filing a joint tax return. Robert and Ann both have Forms 1099-R and SSA 1099. In addition to this income they also received \$1,400 in tax-exempt interest from a Helena, Montana municipal bond. They have no other adjustments to income. Robert was born 12/11/1921 and Ann was born 8/26/1929. Their daytime telephone number is 760-555-4533. Their address is 123 Green St., Claremont, CA 91711. They would like to contribute to the Presidential Election Campaign.

Prepare their 2002 tax return.

<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0119		2002	Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
PAYER'S name, street address, city, state, and ZIP code Oakwood Steele 5469 Oakwood Terrace Salt Lake City, UT 84100		1 Gross distribution \$ 18,916	2a Taxable amount \$ 18,916			
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ 1,400		Copy B Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 4, attach this copy to your return.	
RECIPIENT'S name Paul Birch Street address (including apt. no.) 123 Green St. City, state, and ZIP code Claremont, CA 91711		5 Employee contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$			
Account number (optional)		7 Distribution code 7	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$ %		This information is being furnished to the Internal Revenue Service.
Account number (optional)		9a Your percentage of total distribution %	9b Total employee contributions \$			
Account number (optional)		10 State tax withheld \$ \$	11 State/Payer's state no.		12 State distribution \$ \$	
Account number (optional)		13 Local tax withheld \$ \$	14 Name of locality		15 Local distribution \$ \$	

Form 1099-R

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code Oakwood Steele 5469 Oakwood Terrace Salt Lake City, UT 84100		1 Gross distribution \$ 16,451	OMB No. 1545-0119 2002 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$ 16,451	2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>		
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ 1,250		Copy B Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 4, attach this copy to your return.
RECIPIENT'S name Susan Birch		5 Employee contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$		
Street address (including apt. no.) 123 Green St. City, state, and ZIP code Claremont, CA 91711		7 Distribution code 7	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$ %	This information is being furnished to the Internal Revenue Service.
Account number (optional)		9a Your percentage of total distribution %	9b Total employee contributions \$		
		10 State tax withheld \$ \$	11 State/Payer's state no.	12 State distribution \$ \$	
		13 Local tax withheld \$ \$	14 Name of locality	15 Local distribution \$ \$	

Form 1099-R

Department of the Treasury - Internal Revenue Service

FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT

2002 • PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME.
• SEE THE REVERSE FOR MORE INFORMATION.

Box 1. Name Paul J. Birch		Box 2. Beneficiary's Social Security Number
Box 3. Benefits Paid in 2002 10,988.00	Box 4. Benefits Repaid to SSA in 2002	Box 5. Net Benefits for 2002 (Box 3 minus Box 4) 10,988.00
DESCRIPTION OF AMOUNT IN BOX 3		DESCRIPTION OF AMOUNT IN BOX 4
Paid by check or direct deposit \$10,388.00		NONE
Medicare premiums deducted 600.00		
Total \$10,988.00		
		Box 6. Voluntary Federal Income Tax Withholding 0
		Box 7. Address 123 Green Street Claremont, CA 91711
		Box 8. Claim Number (Use this number if you need to contact SSA.)

Form SSA-1099-SM (1-2002)

DO NOT RETURN THIS FORM TO SSA OR IRS

FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT

2002 • PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME.
• SEE THE REVERSE FOR MORE INFORMATION.

Box 1. Name Susan Birch		Box 2. Beneficiary's Social Security Number
Box 3. Benefits Paid in 2002 9,244.00	Box 4. Benefits Repaid to SSA in 2002	Box 5. Net Benefits for 2002 (Box 3 minus Box 4) 9,244.00
DESCRIPTION OF AMOUNT IN BOX 3		DESCRIPTION OF AMOUNT IN BOX 4
		NONE
		Box 6. Voluntary Federal Income Tax Withholding
		Box 7. Address 123 Green Street Claremont, CA 91711
		Box 8. Claim Number (Use this number if you need to contact SSA.)

Form SSA-1099-SM (1-2002)

DO NOT RETURN THIS FORM TO SSA OR IRS

C-VITA CERTIFICATION



SPEC Office Use Only	
CERTIFIED:	
Yes _____	No _____
Test _____	
Retest _____	

FOR USE IN IRS VOLUNTEER PROGRAMS VITA Volunteer Income Tax Assistance TCE Tax Counseling for the Elderly

The purpose of the **VITA** and **TCE** Programs is to provide free of charge tax assistance to taxpayers.

Before beginning the test, please sign the following statement.

I understand I cannot accept payment or donations from the public for my services as a volunteer, nor can I solicit business from the taxpayers I assist.

If you have any questions as to the meaning, please check with your instructor or a Stakeholder Partnerships, Education and Communication (SPEC) Territory Office or sponsoring organization representative.

Print Last Name, First, MI

Signature Date

Street Address

Daytime Phone Number

City, State, Zip Code

Certification Part 1

You must answer correctly two of the three following 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 2002, 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 2002 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.

Wage Earner

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.
Jackson, Mississippi 39205

Date of birth: August 23, 1973

Telephone: 601-555-1298

Occupation: Factory worker

Children:

Name	Date of Birth	Relationship
Ted	May 18, 1994	Son
Meghan	January 28, 1996	Daughter
Emily	October 10, 1998	Daughter

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS Web Site at www.irs.gov .		
b Employer identification number				1 Wages, tips, other compensation 23,750	2 Federal income tax withheld 598			
c Employer's name, address, and ZIP code Coker Tool & Die 11 Coker Rd. Jackson, MS 39205				3 Social security wages 24,250		4 Social security tax withheld 1,504		
				5 Medicare wages and tips 24,250		6 Medicare tax withheld 352		
				7 Social security tips		8 Allocated tips		
d Employee's social security number				9 Advance EIC payment 437		10 Dependent care benefits		
e Employee's first name and initial Last name Julie Milligan 259 S. Third St. Jackson, MS 39205				11 Nonqualified plans		12a See instructions for box 12 D 500		
				13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <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. 23,750	17 State income tax 612	18 Local wages, tips, etc.	19 Local income tax	20 Locality name		
MS								

Form **W-2** Wage and Tax Statement

2002

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.

(Rev. February 2002)

Pension Earner

Robert and Ann Butler are both retired and will file a joint tax return. Both have pensions from their employers. They have no additional income to report for 2002.

They live at 10 Salem Ave., Omaha, NE 68108.

Robert was born on 11/26/1938 and Ann was born on 8/26/1940.

They do not wish to contribute to the Presidential Election campaign.

There daytime and evening telephone number is 402-555-5034.

Prepare their 2002 tax return.

CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code Greenville State Bank 50 S. Jackson Omaha, NE 68108		1 Gross distribution \$ 17,458	OMB No. 1545-0119 2002 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$ 17,458	2b Taxable amount not determined <input type="checkbox"/>		
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ 1,250		Copy B Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 4, attach this copy to your return.
RECIPIENT'S name Ann Butler		5 Employee contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$		
Street address (including apt. no.) 10 Salem Ave		7 Distribution code 7	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$	
City, state, and ZIP code Omaha, NE 68108		9a Your percentage of total distribution %	9b Total employee contributions \$		
Account number (optional)		10 State tax withheld \$	11 State/Payer's state no.		12 State distribution \$
		13 Local tax withheld \$	14 Name of locality		15 Local distribution \$

Form 1099-R

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code Greenville State Bank 50 S. Jackson Omaha, NE 68108		1 Gross distribution \$ 28,152	OMB No. 1545-0119 2002 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$ 28,152	2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>		
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ 2,150		Copy B Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 4, attach this copy to your return.
RECIPIENT'S name Robert Butler		5 Employee contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$		
Street address (including apt. no.) 10 Salem Ave City, state, and ZIP code Omaha, NE 68108		7 Distribution code 7	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$ %	This information is being furnished to the Internal Revenue Service.
Account number (optional)		9a Your percentage of total distribution %	9b Total employee contributions \$		
		10 State tax withheld \$ \$	11 State/Payer's state no. \$ \$	12 State distribution \$ \$	
		13 Local tax withheld \$ \$	14 Name of locality \$ \$	15 Local distribution \$ \$	

Form 1099-R

Department of the Treasury - Internal Revenue Service

VITA /TCE Student's Training Feedback

We would like feedback on how satisfied you were with the training you had today. Please complete a sheet for each module taken and hand in to the instructor before leaving or give to your site manager. By providing this feedback, you will be helping us improve our next course material. Thank you for your time!

Indicate which course or courses taken:

W age Eamer Module: _____ Pension Eamer Module: _____ Both W age & Pension Eamer Modules: _____

State Return Training: _____ Foreign Students (Pub 678FS) Module: _____ M ilitary (678M) Module: _____

C -VITA (English): _____ C -VITA (Spanish): _____ International VITA (Pub 678N): _____

Puerto Rico in English (Pub 678PR) VITA: _____ Puerto Rico in Spanish (Pub 678PR) VITA: _____

Territory	Area	Date/s of Training	Number of trainees
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Are you from an organization or coalition?

Yes No If YES, please specify.

Please rate your satisfaction with the training you received today by checking the appropriate number.

	Very Dissatisfied			Very Satisfied		
	1	2	3	4	5	NA
1. Convenience of hours	<input type="checkbox"/>					
2. Convenience of location	<input type="checkbox"/>					
3. Amount of time to complete course(s)	<input type="checkbox"/>					
4. Opportunity to ask questions to help you learn	<input type="checkbox"/>					
5. Ability of the instructor(s) to respond to questions	<input type="checkbox"/>					
6. Presentation skills of instructor(s)	<input type="checkbox"/>					
7. Opportunity to practice what you have been taught through exercises	<input type="checkbox"/>					
8. Overall satisfaction with instruction (considering all items)	<input type="checkbox"/>					

Please rate the content quality on a scale of 1 to 5, where 1 equals "Poor" and 5 equals "Excellent".

	Poor				Excellent	
	1	2	3	4	5	NA
9. Text	<input type="checkbox"/>					
10. Exercises	<input type="checkbox"/>					
11. Graphics/Forms	<input type="checkbox"/>					
12. Test	<input type="checkbox"/>					
13. Overall quality of the course book and test	<input type="checkbox"/>					

Please rate your comfort level or readiness to prepare tax returns as a volunteer. Use the scale of 1 to 5, where 1 equals "Very Uncomfortable" and 5 equals "Very Comfortable".

	Very Uncomfortable			Very Comfortable		
	1	2	3	4	5	NA
14. Readiness to prepare returns for course(s) taken	<input type="checkbox"/>					

15. What suggestions or comments do you have about how we could improve the course or printed materials?

If more space is needed, please use the back of this form. Thank you for your time and feedback.

Instructor 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 module
- Projector

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.

Tax Form Defaults

“Select Print Defaults” Screen

- Highlight the following forms and change the number of copies using the “Increase/Decrease selected items” buttons:
- Change Main Info to 0.
- Change Interview to 0
- Change W-2 to 0
- Change W-2C to 0
- Change W-2G to 0
- Change 1099G Wkt to 0

- Change 1099-MISC to 0
- Change 1099-R to 0
- Change 8453 to 3
- Click ok

Main Information Sheet

- Scroll to “Are you excluding income from Puerto Rico?” Put X in no box.
- Scroll to “U.S. or U.S. Possessions Address”. Click in Zip Code Field. Press F3.
- Scroll to Birthdates. Click in Taxpayer box. Press F3.
- Tab to Telephone Number. Click in Daytime Taxpayer box. Press F3.
- Tab to Occupation. Click in Taxpayer box. Press F3.
- Scroll to “State Information”. Click in “Full Year Resident” box. Enter your two letter state abbreviation.
- Scroll to Type of Return. Put X in e-file only box.
- Scroll to Third Party Designee. Put X in no box.
- Scroll to Preparer Info, Non-paid preparer indicator. Type VITA or TCE.
- Press F10.

Form 8453

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

Form 8867

- Put X in “Check if you do not want to use this form.”
- Press F10.

Form W-2

- Scroll to Name Code. Press F3.

- Tab to Federal Income Tax. Press F3.
- Press F10.

Schedule C-EZ

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

Schedule B

- Scroll to line 1a. Click in Name field. Press F3.
- Scroll to line 1b. Click in Payer field. Press F3.
- Press F10.
- Select Close.

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 3189, Volunteer e-file Handbook
 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.

Although C-VITA was designed as a one-day course, it can be expanded to an additional day. As instructors, we all realize that the actual classroom time is not the same as scheduled training time. Generally, the C-VITA course is scheduled for six to seven hours. Because of breaks and lunch, this equates to five to six hours of actual classroom time. 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.

The course outline is designed for a student audience who will provide free tax assistance to EITC eligible taxpayers. Any one or more of the items can be substituted for other tax issues. For instance, if the primary focus is retired taxpayers, then discussing Form 1099-R and Form SSA-1099 may be more relevant than Form W-2 income. There are several problems to choose from based on the student's background. As always, you must tailor this training to the students and the role they will serve in meeting IRS goals.

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 have been left blank 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.

Course Outline

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-B

The key to completing sale of stock entries is to link to the capital gain/loss transactions worksheet. Explain to the students the importance of completing the worksheet versus completing the short or long term statements or entering directly on the Schedule D.

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 then link from line 1 to complete a Form 1099-MISC. Information will then carry to Schedule SE and Schedule C.

Form 1099-R

Pensions and IRA distributions are reported on Form 1099-R. C-VITA volunteers can assist taxpayers who have distribution codes of 3, 4, or 7 in Box 7. If Box 7 contains any other code, the taxpayer should be referred to other volunteer sites (as directed by the local IRS SPEC office) or to paid tax professionals. If a Form 1099-R has an amount in Box 3 or Box 5 or if the gross distribution, Box 1, and the taxable amount, Box 2a, are different, refer the taxpayer as above. Remind students to enter any amounts found in Box 4 or Box 10.

IRA distributions: It is important to link to the Form 1099-R from Form 1040, line 16 or pick the Form 1099-R from the forms list. Emphasize the fact that IRA distributions are indicated by a check mark in the small IRA box inside Box 7.

Taxpayers with Railroad Retirement, Form RRB-1099R, should be referred to a full service site.

SSA Form 1099R

Social security benefits are reported on Form SSA-1099R. Link and complete the worksheet. This will ensure the social security information flows to other forms or credit determinations. Refer taxpayers who have a Railroad Retirement equivalent, Form RRB-1099. Remind students to enter any voluntary federal income tax withheld shown in box 6.

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.

Answers to Exercises

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

Answers to Problems

Answers to the problems are dependent on the version of TaxWise you are using. The problems were constructed using 2002 tax law (i.e., no rate reduction credit, but new tuition and fees deduction, new saver's credit, etc.). If you are training prior to the release of TaxWise version 17, you should use the 2001 version of this publication. A supplement to the 2002 revision will be issued electronically during the month of December with answers based on TaxWise version 17.

Answers to Certification Problems

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

No answers are included at this time. Answers to the certification problems are dependent on the TaxWise version of software used during the training. A supplement will be issued with TaxWise version 17 answers in mid-December.

