

TAXES

Agenda

- What is THE DEAL with taxes?
- File? Taxes? ME?
- Who is a dependent?
- Should YOU file?

Forms

• 1040

- Federal Return
- standard form
- 1040a= Can use if not itemizing deductions
- 1040EZ- simplest scenarios
- ALL AVAILABLE ON IRS WEBSITE
 - If using their software (and similar) the software picks the form for you
- STATE RETURN
- Form numbers vary by state
- Available on state DOR Websites
- Names vary by state

• W-2

- Reports wage income earned during the year
- Reports taxes withheld
- Mailed to you (late January)
- EASY TO SEE ON ENVELOPE
- One W-2 per employer
- have to report income from all of them
- Each form needs to say what it does! Helps you figure out what to do
- what kind of income do you report, etc. What do I fill in



What is THE DEAL with TAXES?

You always here people complaining about taxes. Well there's sometimes good reason for that, but there's also a plus side to taxes. Taxes are necessary for the government to function. They help facilitate infrastructure, military expenses, education, etc. There are three main kinds of taxes: income tax, federal tax, and state tax— and you pay ALL OF THEM.

Filing Taxes

Does everyone need to file taxes? YES! So what does that mean?





• 1099-MISC

- Income for a non-employee (for interns, contract work, freelancer)
- Will be mailed to you
- It is wage income - you do need to report it
- More common for taxes not to be withheld
- pay attention!

• 1042-S

- Statement of income paid to international students
- Mailed by inst. to students

• 1099-INT

- Showing earned interest
 - mailed if interest is over \$10
 - If you have a summer fellow ship (with stipend) you will get a 1099 from the Controller's office

• 1098-T

- Statement showing tuition paid
- Different per college
- parents may receive benefits if you're a dependent
 - Williams reports using Box 2, not 1
- OTHER THINGS
- MAILS TO HOME ADDRESS

• W-4

- completed when you START A JOB
- Instructs employers about how much tax to withhold from paycheck throughout year
 - the more allowances you claim, the less is withheld from your paycheck
- Must be completed when you start a new job, can change at any time - wander over to HR
- YOU are INSTRUCTING EMPLOYER ON WHAT TO TAKE

Filing is NOT the same thing as PAYING taxes. Filing a tax return is submitting a 1040 to the IRS. It is an accounting device. Filing involves computing the amount of tax owed per year, comparing to amount of tax withheld, paying if tax owed is more than tax withheld, and receiving a refund if the opposite is true. (The majority of people (75-80%) receive a refund!)

Who is a dependent?

YOU! if you are under the age 24 and a full-time student, and your parents provided more than half of your financial support. If you are a dependent on your parents' return you must indicate this on your own return. This DOES NOT AUTOMATICALLY REPORT ON PARENTS RETURN. Dependent status does not relieve you of filing taxes. You can still receive a return as a dependent. There is lower tax liability if your parents' claim dependence. If your parents are separated, only one parent can claim. If you are an international student filing as a dependent comes down to whether or not your parents support you financially, then they COULD claim you as a dependent.

Should YOU file?

Must file if single and a dependent and any of the following apply: you Earned income greater than 630, you have Unearned income over 1050 (stock, interest, if you have a 1099MISC), or if Earned + Unearned is greater than a MAX (1050, earned income + 350). To know this, look at W-2 in Box 1 - compare that to the cutoff. If not a dependent, add earned + unearned income >13,300.

At the end of the day, you SHOULD FILE because its likely that you'll get a refund (if taxes were withheld from paycheck) (\$\$\$)

Questions we answered at the workshop:

How would a student know if they have to file two-state return in addition to federal?
 -state of residence does not change because of where you go to college
 -If you had college-state tax file in that state
 -some states have reciprocity agreements (because close by)

Where do I do this?

If you're an MA resident there are trained personnel people that can do that for you. If it's complicated they could say its "out of scope" and turn you away - usually no Wednesdays and Saturday apts. (N Adams) You can also go to IRS website for free software. There are also a variety of help lines from the IRS as well as places like H&R Block and computer programs.