



# Income from Form 1040

## Wages, Interest

Attach Sch. B if required.	<b>1</b>	Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . .		<b>1</b>	
	<b>2a</b>	Tax-exempt interest . . . . .	<b>2a</b>	<b>b</b> Taxable interest . . . . .	<b>2b</b>
	<b>3a</b>	Qualified dividends . . . . .	<b>3a</b>	<b>b</b> Ordinary dividends . . . . .	<b>3b</b>
	<b>4a</b>	IRA distributions . . . . .	<b>4a</b>	<b>b</b> Taxable amount . . . . .	<b>4b</b>
	<b>5a</b>	Pensions and annuities . . . . .	<b>5a</b>	<b>b</b> Taxable amount . . . . .	<b>5b</b>
	<b>6a</b>	Social security benefits . . . . .	<b>6a</b>	<b>b</b> Taxable amount . . . . .	<b>6b</b>
<b>Standard Deduction for—</b> <ul style="list-style-type: none"> <li>• Single or Married filing separately, \$12,550</li> <li>• Married filing jointly or Qualifying widow(er), \$25,100</li> <li>• Head of household, \$18,800</li> <li>• If you checked any box under <i>Standard Deduction</i>, see instructions.</li> </ul>	<b>7</b>	Capital gain or (loss). Attach Schedule D if required. If not required, check here . . . . . <input type="checkbox"/>		<b>7</b>	
	<b>8</b>	Other income from Schedule 1, line 10 . . . . .		<b>8</b>	
	<b>9</b>	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b> . . . . . ▶		<b>9</b>	
	<b>10</b>	Adjustments to income from Schedule 1, line 26 . . . . .		<b>10</b>	
	<b>11</b>	Subtract line 10 from line 9. This is your <b>adjusted gross income</b> . . . . . ▶		<b>11</b>	
	<b>12a</b>	<b>Standard deduction or itemized deductions</b> (from Schedule A) . . . . .	<b>12a</b>		
	<b>b</b>	Charitable contributions if you take the standard deduction (see instructions)	<b>12b</b>		
	<b>c</b>	Add lines 12a and 12b . . . . .		<b>12c</b>	
	<b>13</b>	Qualified business income deduction from Form 8995 or Form 8995-A . . . . .		<b>13</b>	
	<b>14</b>	Add lines 12c and 13 . . . . .		<b>14</b>	
<b>15</b>	<b>Taxable income.</b> Subtract line 14 from line 11. If zero or less, enter -0- . . . . .		<b>15</b>		

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11320B

Form **1040** (2021)

# About Income from Form 1040 Wages, Interest, etc.

- Additional resources listed in L&LT “References” tab
- Review all tips and cautions in the lesson
- Read all examples and sample interviews
- We will review answers to each exercise

Internal Revenue Service  
United States Department of the Treasury

LEVEL: [Icons]

Main Menu Print Help Glossary References Exit

★ LESSON: Income — Wages, Interest, etc. Workout

Wage Income

← Previous Next →

### Case Study 1: Multiple Forms W-2

During the tax year, Tina earned income from both a full-time and a part-time job. She received two Forms W-2, each listing different employers.

How should this income be entered in the tax software?

[Click here to review How/Where to Enter Income.](#)

[Click here for an explanation.](#)

Each Form W-2 must be entered into the tax software separately. The software will calculate and show the total on Tina's return.

Safe, accurate, FAST! Use <b>IRS e-file</b> Visit the IRS website <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>	
1 Wages, tips, other compensation	2 Federal income tax withheld
3 Social security wages	4 Social security tax withheld
5 Medicare wages and tips	6 Medicare tax withheld
7 Social security tips	8 Allocated tips
9 Verification code	10 Dependent care benefits
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

MATERIALS

## Objectives – Income from Form 1040 Wages, Interest, etc.

- Compute taxable and nontaxable income
- Distinguish between earned and unearned income
- Report income correctly on Form 1040
- Time Required: 30 minutes

# Topics



- Determining taxable and nontaxable income
- Reporting wages, salaries, tips, etc.
- Scholarship and Fellowship income
- Interest income
- Dividends
- State and local refunds
- Alimony

Income					
Attach Form(s) W-2 here. Also attach Forms W-2a and 1099-R if tax was withheld. If you did not get a Form W-2 see instructions.	1a	Total amount from Form(s) W-2, box 1 (see instructions)		1a	
		b	Household employee wages not reported on Form(s) W-2	1b	
		c	Tip income not reported on line 1a (see instructions)	1c	
		d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)	1d	
		e	Taxable dependent care benefits from Form 2441, line 26	1e	
		f	Employer-provided adoption benefits from Form 8839, line 29	1f	
		g	Wages from Form 8919, line 6	1g	
		h	Other earned income (see instructions)	1h	
		i	Nontaxable combat pay election (see instructions)	1i	
		z	Add lines 1a through 1h	1z	
	Attach Sch. D if required.	2a	Tax-exempt interest	2a	b
3a		Qualified dividends	3a	b	Ordinary dividends
4a		IRA distributions	4a	b	Taxable amount
5a		Pensions and annuities	5a	b	Taxable amount
6a		Social security benefits	6a	b	Taxable amount
		c	If you elect to use the lump-sum election method, check here (see instructions)		
<b>Standard Deduction for—</b> • Single or Married filing separately, \$12,950 • Married filing jointly or Qualifying widow(er), \$25,900 • Head of household, \$19,400	7	Capital gain or (loss). Attach Schedule D if required. If not required, check here		7	
	8	Other income from Schedule 1, line 10		8	
	9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b>		9	
	10	Adjustments to income from Schedule 1, line 26		10	
	11	Subtract line 10 from line 9. This is your <b>adjusted gross income</b>		11	
	12	<b>Standard deduction or itemized deductions</b> (from Schedule A)		12	

# Key Terms

Definitions are always available in the L&LT online Glossary.

- Allocated Tips
- Capital Gain Distributions
- Earned Income
- Gross Income
- Ordinary Dividends
- Taxable Income
- Tax-exempt Income
- Unearned Income

# Determining Taxable and Nontaxable Income

What are the differences between taxable and nontaxable income?

- Nontaxable (excludable)
  - Gifts and inheritances
  - Exempt income
- Earned
  - Received for work, such as wages, business income
- Unearned
  - Interest income from investments
- Review Pub 4012, Income tab, for [examples](#)

Income Quick Reference Guide	
<p>This list is a quick reference and volunteers should refer to Publication 17 for more information. Don't rely on this list alone. Some of the income items on this chart are Out of Scope for VITA/TCE. Review the Scope of Service chart to identify Out of Scope items. Refer taxpayers with Out of Scope income to a professional tax preparer. Confirm that all income received by the taxpayer has been discussed and shown on the return, if required.</p>	
<p><b>Table A – Examples of Taxable Income</b> (Examples of income to consider when determining whether a return must be filed or if a person meets the gross income test for qualifying relative)</p>	
<p>Wages, salaries, bonuses, commissions Alimony (for divorce/modification before 2019, see How/Where to Enter Income, later) Annuities Awards Back pay Breach of contract payment Business income/Self-employment income Cash income Compensation for personal services Canceled debts<sup>1</sup> Director's fees Disability benefits (employer-funded) Discounts Dividends Employee awards Employee bonuses Estate and trust income Farm income Fees Gains from sale of property or securities Gambling winnings Hobby income Interest Interest on life insurance dividends IRA distributions Jury duty fees Military pay (not exempt from taxation)</p>	<p>Military pension Nonemployee compensation Notary fees Partnership, Estate and S-Corporation Income (Schedule K-1s, Taxpayer's share) Pensions Prizes Punitive damage award Railroad retirement—Tier I (portion may be taxable) Railroad retirement—Tier II Recovery of prior year deduction<sup>2</sup> (medical, property taxes, etc.) Refunds of State and local income tax (if reportable)<sup>3</sup> Rents (gross rent) Rewards Royalties Severance pay Self-employment (gross income) Social security benefits - portion may be taxable - (See Tab D, Income, Railroad Retirement, Civil Service, and Social Security Benefits) Supplemental unemployment benefits Taxable scholarships and grants Tips and gratuities Tribal per capita payments Unemployment compensation</p>
<p><b>Table B – Examples of Nontaxable Income</b> (Examples of income items to exclude when determining whether a return must be filed)</p>	
<p>Aid to Families with Dependent Children (AFDC) Child support Civil damages, restitution or other monetary award paid to someone because that person was wrongfully incarcerated Damages for physical injury (other than punitive) Death payments Dividends on life insurance Federal Employees' Compensation Act payments Federal income tax refunds Gifts Inheritance<sup>4</sup> or bequest Insurance proceeds (Accident, Casualty, Health, Life) Interest on tax-free securities</p>	<p>Payments to the beneficiary of a deceased employee Payments in lieu of worker's compensation Qualified Medicaid waiver payments Relocation payments Rebate/Patronage Dividends issued by co-ops for personal use are not taxable. Rental less than 15 days<sup>5</sup> Rental allowance of clergyman Reverse mortgages Sickness and injury payments Social security benefits - portion may not be taxable (See Tab D, Income, Railroad Retirement, Civil Service, and Social Security Benefits) Supplemental Security Income (SSI)</p>



# Determining Taxable and Nontaxable Income

Examples of income items used to determine entries in TaxSlayer.

- Review Pub 4012, Using TaxSlayer® Pro Online tab, Navigating TaxSlayer chart

## • Tax Forms:

- W-2
- 1099-INT
- 1099-DIV
- 1099-G

### Navigating TaxSlayer

Form or Topic	Keyword	Navigation to Data Entry Screen	Pub 4012 Page
982 Reduction of Tax Attributes...	98	Income>Other Income>Cancellation of Debt Form 1099-C, Form 982	D-60
1040-ES Estimated Tax Payments	1040	Payments & Estimates>Vouchers for Next Year's Estimated Payments	K-17
1040X Amended Return	N/A	Select 2018 Amended Return Section from side menu or create prior year return	M-1
1095-A Health Insurance	N/A	Select Health Insurance Section from side menu>Follow screens to Advanced Premium Tax Credit	H-23
1098 Mortgage Interest Statement	1098	Deductions>Itemized Deductions>Mortgage Interest and Expenses>Mortgage Interest Reported on Form 1098	F-9
1098-E Student Loan Interest	1098	Deductions>Adjustments>Student Loan Interest Deduction	E-10
1098-T Tuition Statement	1098	Deductions>Credits Menu>Education Credits	J-6
1099-A Acquisition or Abandonment	Capital	Income>Capital Gain and Losses>Sale of Main Home Worksheet or use Capital Gains and Loss Items	EXT-1
1099-B Proceeds from Broker and Barter Exchange	10	Income>Capital Gain and Losses>Capital Gain and Loss Items	D-21
1099-C Cancellation of Debt	C or CANC	Income>Other Income>Cancellation of Debt Form 1099-C, Form 982	D-58
1099-DIV Dividends	D	Income >Interest and Dividends>Interest or Dividend Income	D-11
1099-G State Tax Refund	G	Income>State and Local refunds	D-12
1099-G Unemployment Compensation	10, UN	Income>Unemployment Compensation	D-3
1099-INT Interest Income	INT	Income>Interest and Dividends>Interest or Dividend Income	D-8
1099-INT Box 9, Private Activity Bond Interest (PAB)	INT	Other Taxes>Alternative Minimum Taxes>Interest from specified private activity bonds exempt from the regular tax	D-8
1099-K Payment Card and Third Party ...	N/A	Income>Payment Card and Third-Party Network Transactions Form 1099K>C>Income (include in gross receipts or sales)	D-13

# Determining Taxable and Nontaxable Income

- Remember: Volunteers probe taxpayers to determine all sources of income
- Media: Videos & Audio for topic
  - FAQ, [1099-DIV Dividend Income](#)
- End of topic – Q & A



# Reporting Wages, Salaries, Tips, etc.

- Form W-2: Issued to employees by January 31, reports wages and other compensation
- Pub 4012, Income tab
  - [How/Where to Enter Income](#)
  - [Form W-2 Instructions](#)

Safe, accurate, FAST! Use **IRS e-file** Visit the IRS website [www.irs.gov/efile](http://www.irs.gov/efile)  
645-0008

<b>1</b> Wages, tips, other compensation	<b>2</b> Federal income tax withheld
<b>3</b> Social security wages	<b>4</b> Social security tax withheld
<b>5</b> Medicare wages and tips	<b>6</b> Medicare tax withheld
<b>7</b> Social security tips	<b>8</b> Allocated tips
<b>9</b>	<b>10</b> Dependent care benefits
ff. <b>11</b> Nonqualified plans	<b>12a</b> See instructions for box 12 C o n t r i b u t i o n
<b>13</b> Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>	<b>12b</b> C o n t r i b u t i o n
<b>14</b> Other	<b>12c</b> C o n t r i b u t i o n

# Reporting Wages, Salaries, Tips, etc.

- TaxSlayer Practice
  - Click Income from Federal Section, then click Wages and Salaries
  - Complete Form W-2
  - To enter tips not shown on Form W-2, click on Other Taxes from Federal Section, then Tax on Unreported Tip Income

Check appropriate box for each question in each section

Yes	No	Unsure	Part III – Income – Last Year, Did You (or Your Spouse) Receive
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. (A) Tip Income?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. (B) Scholarships? (Forms W-2, 1098-T)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. (B) Refund of state/local income taxes? (Form 1099-G)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. (B) Alimony income or separate maintenance payments?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. (A) Self-Employment income? (Form 1099-MISC, cash)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. (A) Income (or loss) from the sale of Stocks, Bonds or Real Estate? (including your home) (Forms 1099-S, 1099-B)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. (A) Retirement income or payments from Pensions, Annuities, and or IRA? (Form 1099-R)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. (B) Unemployment Compensation? (Form 1099G)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. (M) Income (or loss) from Rental Property?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, royalties, foreign income, etc.) Specify _____

# Reporting Wages, Salaries, Tips, etc.

- Remember:
  - Household employees earning less than \$2,200 may not receive a Form W-2, but the income must be reported
  - Self-employed taxpayers who receive tips should include their tips in gross receipts on Schedule C
- Media: Videos & Audio for topic
  - Missing Form W-2 ([YouTube video](#))
- End of topic – Q & A

# Scholarship and Fellowship Income

- Taxable scholarship income may be reported on Form W-2 and Form 1098-T
- If the taxpayer did not receive a Form W-2, the taxable amount should still be reported
- Review Pub 4012, Education Benefits Tab, [Tax Treatment of Scholarship and Fellowship Payments](#)

CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Payments received for qualified tuition and related expenses \$ _____ 2 _____	OMB No. 1545-1574  <div style="font-size: 2em; font-weight: bold; text-align: center;">20XX</div> Form 1098-T	<b>Tuition Statement</b>  <b>Copy B For Student</b>  This is important tax information and is being furnished to the IRS. This form must be used to complete Form 8863 to claim education credits. Give it to the tax preparer or use it to prepare the tax return.
FILER'S employer identification no.	STUDENT'S TIN	3 _____		
STUDENT'S name		4 Adjustments made for a prior year \$ _____	5 Scholarships or grants \$ _____	
Street address (including apt. no.)		6 Adjustments to scholarships or grants for a prior year \$ _____		
City or town, state or province, country, and ZIP or foreign postal code		7 Checked if the amount in box 1 includes amounts for an academic period beginning January-March 2022 <input type="checkbox"/>		
Service Provider/Acct. No. (see instr.)	8 Checked if at least half-time student <input type="checkbox"/>	9 Checked if a graduate student <input type="checkbox"/>	10 Ins. contract reimb./refund \$ _____	

Form 1098-T (keep for your records) [www.irs.gov/Form1098T](http://www.irs.gov/Form1098T) Department of the Treasury - Internal Revenue Service

# Interest Income

- Interest income (unearned income) is reported on [Form 1099-INT](#)
- Common sources: savings accounts, CDs, saving certificates, government bonds, interest on insurance proceeds, loan interest
- Enter interest income as directed in the software

VOID     CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	Payer's RTN (optional)	OMB No. 1545-0112  <div style="font-size: 2em; font-weight: bold; text-align: center;">20XX</div> Form 1099-INT
	1 Interest income \$	
	2 Early withdrawal penalty \$	
	PAYER'S TIN	
	RECIPIENT'S TIN	
	3 Interest on U.S. Savings Bonds and Treas. obligations \$	

**Interest Income**  
Copy 1  
For State Tax Department

Check appropriate box for each question in each section

Yes	No	Unsure	Part III – Income – Last Year, Did You (or Your Spouse) Receive
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. (A) Tip Income?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. (B) Scholarships? (Forms W-2, 1098-T)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. (B) Refund of state/local income taxes? (Form 1099-G)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. (B) Alimony income or separate maintenance payments?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. (A) Self-Employment income? (Form 1099-MISC, cash)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. (A) Income (or loss) from the sale of Stocks, Bonds or Real Estate? (including your home) (Forms 1099-S, 1099-B)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. (A) Retirement income or payments from Pensions, Annuities, and or IRA? (Form 1099-R)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. (B) Unemployment Compensation? (Form 1099G)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. (M) Income (or loss) from Rental Property?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, royalties, foreign income, etc.) Specify _____

# Dividends

- Reported to the taxpayer on Form 1099-DIV
  - Ordinary dividends
  - Section 199A dividends
  - Qualified dividends: Eligible for lower tax rate
- Review Pub 4012, Income tab, [Interest and Dividend Income](#)
- See Publication 17, Dividends and Other Distributions for more details

### Interest Income (continued)

The screenshot shows the 'Interest Income' form with the following fields and annotations:

- Buttons:** CANCEL, SAVE & ENTER ANOTHER, CONTINUE
- Type of transaction:** Interest Income
- Payer's Name:** [Text input field] - Annotation: "Enter the name of payer. Don't use punctuation."
- Payer TIN or EIN:** [Text input field] - Annotation: "Enter each Form 1099-INT separately."
- Payer's Address:** [Text input field] - Annotation: "Enter the taxable interest paid in box 1. This doesn't include interest shown in box 3."
- Address (Number and Street):** [Text input field]
- ZIP Code:** [Text input field]
- City, Town, or Post Office:** [Text input field]
- State:** [Dropdown menu] - Annotation: "Annotating who received interest is important for state tax purposes."
- Taxpayer, Spouse, or Joint?:** [Dropdown menu] - Annotation: "Annotating who received interest is important for state tax purposes."
- Interest Income (Box 1):** [Text input field]



# Dividends

- Generally, all dividend income is reported on Form 1040, lines 3a and 3b, Qualified Dividends and Ordinary Dividends.
- Capital Gains Distributions will appear on Form 1040

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1a Total ordinary dividends	OMB No. 1545-0110	20XX	Dividends and Distributions
		\$	Form 1099-DIV		
		1b Qualified dividends			
		\$			
		2a Total capital gain distr.	2b Unrecap. Sec. 1250 gain	Copy B For Recipient	
		\$	\$		
PAYER'S TIN	RECIPIENT'S TIN	2c Section 1202 gain	2d Collectibles (28%) gain		
		\$	\$		
		2e Section 897 ordinary dividends	2f Section 897 capital gain	This is important tax information and is being furnished to the IRS. 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.	
		\$	\$		
RECIPIENT'S name		3 Nondividend distributions	4 Federal income tax withheld		
		\$	\$		
Street address (including apt. no.)		5 Section 199A dividends	6 Investment expenses		
		\$	\$		

<b>Income</b>	1a Total amount from Form(s) W-2, box 1 (see instructions)			1a
	b Household employee wages not reported on Form(s) W-2			1b
	c Tip income not reported on line 1a (see instructions)			1c
	d Medicaid waiver payments not reported on Form(s) W-2 (see instructions)			1d
	e Taxable dependent care benefits from Form 2441, line 26			1e
	f Employer-provided adoption benefits from Form 8839, line 29			1f
	g Wages from Form 8919, line 6			1g
	h Other earned income (see instructions)			1h
	i Nontaxable combat pay election (see instructions)	1i		
	z Add lines 1a through 1h			1z
	2a Tax-exempt interest	2a		2b Taxable interest
	3a Qualified dividends	3a		3b Ordinary dividends
	4a IRA distributions	4a		4b Taxable amount
	5a Pensions and annuities	5a		5b Taxable amount
	6a Social security benefits	6a		6b Taxable amount
	c If you elect to use the lump-sum election method, check here (see instructions)		<input type="checkbox"/>	
	7 Capital gain or (loss). Attach Schedule D if required. If not required, check here		<input type="checkbox"/>	7
	8 Other income from Schedule 1, line 10			8
	9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b>			9
	10 Adjustments to income from Schedule 1, line 26			10
	11 Subtract line 10 from line 9. This is your <b>adjusted gross income</b>			11
	12 <b>Standard deduction or itemized deductions</b> (from Schedule A)			12

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a Form W-2, see instructions.

Attach Sch. B if required.

**Standard Deduction for—**

- Single or Married filing separately, \$12,950
- Married filing jointly or Qualifying widow(er), \$25,900
- Head of household, \$19,400

U.S. possession  
tion distributions  
ate activity dividends  
held  
he Treasury - Internal Revenue Service



# Dividends

- Ask taxpayers for their annual brokerage statement if they did not receive Form 1099-DIV for a dividend
- Schedule B is needed if the taxpayer's ordinary dividends are greater than \$1,500
- Out of scope: Form 1099-DIV boxes labeled Unrecap. Sec. 1250 gain, Section 1202 gain, Cash liquidation distributions, and Noncash liquidation distributions
- Media: Videos & Audio for topic
  - FAQ: [1099-DIV Dividend Income](#)

VOID     CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1a Total ordinary dividends	OMB No. 1545-0110	<b>20XX</b>	<b>Dividends and Distributions</b>
		\$	Form <b>1099-DIV</b>		
PAYER'S TIN		1b Qualified dividends			<b>Copy 1 For State Tax Department</b>
		\$	2a Total capital gain distr.	2b Unrecap. Sec. 1250 gain	
RECIPIENT'S TIN		2c Section 1202 gain	\$	\$	
		2e Section 897 ordinary dividends	\$	2f Section 897 capital gain	\$
RECIPIENT'S name		3 Nondividend distributions	\$	4 Federal income tax withheld	
		5 Section 199A dividends	\$	6 Investment expenses	\$
Street address (including apt. no.)		7 Foreign tax paid	\$	8 Foreign country or U.S. possession	
		9 Cash liquidation distributions	\$	10 Noncash liquidation distributions	\$
City or town, state or province, country, and ZIP or foreign postal code		11 Exempt-interest dividends	\$	12 Specified private activity bond interest dividends	\$
		13 State	\$	14 State identification no.	\$
Account number (see instructions)		15 State tax withheld	\$		
			\$		

Form **1099-DIV** www.irs.gov/Form1099DIV    Department of the Treasury - Internal Revenue Service

# State and Local Refunds

- Will be shown on [Form 1099-G](#)
- Report only if:
  - Taxpayer **itemized deductions** last year, and
  - **Received** an income tax benefit.
  - **Do not** report if state sales tax was deducted.
- Taxable refund is reported on Form 1040, Schedule 1

- Click Income from the Federal Section then state and local refunds

VOID     CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Unemployment compensation \$	OMB No. 1545-0120  <b>20XX</b>  Form 1099-G	Certain Government Payments
		2 State or local income tax refunds, credits, or offsets \$	3 Box 2 amount is for tax year	
PAYER'S TIN	RECIPIENT'S TIN	5 RTAA payments \$	6 Taxable grants \$	Copy 1 For State Tax Department
RECIPIENT'S name  Street address (including apt. no.)		7 Agriculture payments \$	8 Check if box 2 is trade or business income <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code		9 Market gain \$	11 State income tax withheld \$	
Account number (see instructions)		10a State	10b State identification no.	

Form 1099-G
www.irs.gov/Form1099G
Department of the Treasury - Internal Revenue Service

# Alimony

- Do not confuse child support payments with alimony
- Where do you get alimony information?
  - Ask the taxpayer if they have:
    - Post 1984 and pre 2019 divorces
    - Post 2018 divorces
- How do you report alimony?
  - Form 1040, Schedule 1, if receiving
  - Schedule 1 Adjustments to Income section if paying
- For any divorce or separation instrument executed after December 31, 2018, or modified after that date, alimony and separate maintenance payments are not deductible by the payor spouse and are not included in income by the recipient of the payments.

# Alimony

- Getting information about alimony
  - Form 13614-C
  - Pub 4012, Adjustments tab, [Alimony Requirements](#)

Check appropriate box for each question in each section

Yes	No	Unsure	Part III – Income – Last Year, Did You (or Your Spouse) Receive
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. (A) Tip Income?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. (B) Scholarships? (Forms W-2, 1098-T)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. (B) Refund of state/local income taxes? (Form 1099-G)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. (B) Alimony income or separate maintenance payments?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. (A) Self-Employment income? (Form 1099-MISC, cash)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. (A) Income (or loss) from the sale of Stocks, Bonds or Real Estate? (including your home) (Forms 1099-S, 1099-B)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. (A) Retirement income or payments from Pensions, Annuities, and or IRA? (Form 1099-R)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. (B) Unemployment Compensation? (Form 1099G)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. (M) Income (or loss) from Rental Property?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, royalties, foreign income, etc.) Specify _____
Yes	No	Unsure	Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Contributions to a retirement account? <input type="checkbox"/> IRA (A) <input type="checkbox"/> 401K (B) <input type="checkbox"/> Roth IRA (B) <input type="checkbox"/> Other
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. (A) Any of the following? <input type="checkbox"/> Medical & Dental (including insurance premiums) <input type="checkbox"/> Mortgage Interest (Form 1098) <input type="checkbox"/> Taxes (State, Real Estate, Personal Property, Sales) <input type="checkbox"/> Charitable Contributions
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. (B) Child or dependent care expenses such as daycare?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?

# Summary

- This lesson covered:
  - Income reported on Form 1040 and Schedule 1
  - Differentiating taxable and nontaxable income
  - Earned and unearned income
- Check your understanding of this lesson by going to Certification Warm Up on your student landing page



**Skills  
Workout**



**Certification  
Warm Up**



**Media: Videos  
& Audio**



**TaxWise  
Tutorial**



**Job Aids**



**Practice  
Lab**

## Out of Scope for this Lesson:

- Taxpayers with income from the following sources:
  - Other gains/losses
  - Farm income
- Accrual method for reporting income
- Taxpayers who buy or sell noncovered bonds between interest payment dates
- Form 1099-INT, with entry in Specified private activity bond interest box subject to AMT
- Adjustments needed for any of the amounts listed on Form 1099-OID, or if the taxpayer should have received Form 1099-OID but did not receive one
- Form 1099-DIV, boxes labeled Unrecap. Sec. 1250 gain, Section 1202 gain, Cash liquidation distributions, and Noncash liquidation distributions
- State or local income tax refunds received in the current tax year for a year other than the previous tax year
- Alimony/divorce agreements executed before 1985
- Minister tax returns with parsonage/housing allowance

# Practice

- Select the problems from L&LT Skills Workout based on your certification course of study
- Complete the exercise