




Lesson Plan

Payments and Miscellaneous Refundable Credits

Time Required: 30 minutes

Introduction	Objectives	Topics
<p>This lesson covers income tax withheld, estimated tax payments, certain refundable credits, and other payments made by the taxpayer.</p> <p>Additional child tax credit and the refundable education credit were covered in previous lessons. Earned income credit will be covered in the next lesson.</p>	<p>Identify the following types of payments and credits that are applicable for most low- and moderate-income taxpayers:</p> <ul style="list-style-type: none"> • Federal income tax withheld, from Forms W-2 and Forms 1099 • Estimated tax payments and amounts applied from the prior year's return • Amount paid with a request for an extension to file • Excess social security and tier 1 RRTA tax withheld <p>Report these payments and credits correctly on the taxpayer's return.</p>	 <p>Federal Income Tax Withheld Estimated Tax Payments and Amounts Applied from Prior Year Payments and Extensions Excess Social Security and Tier 1 RRTA Withholding</p>

Key Terms

Refundable Credit: Occurs when the amount of a credit is greater than the tax owed. Taxpayers not only can have their tax reduced to zero; they can also receive a "refund" of excess credit.

RRTA: Railroad Retirement Tax Act (RRTA). Tier I Railroad Retirement Tax is the railroad retirement equivalent of social security wages and benefit amounts.

Tax Withheld: Income tax is withheld from the pay of most employees. Income tax may also be withheld from gambling winnings, pensions/annuities, unemployment compensation, and certain federal payments, such as social security. In some cases, income tax may be withheld on other types of income, such as interest or dividend income.

Teacher Tips

Guidelines for Lesson

Guideline	Instructor Notes	Presentation Aids
Lesson background info	Review the online demo of TaxSlayer on Payments.	TaxSlayer® Demo: From the Practice Lab, select: <ul style="list-style-type: none"> • TaxSlayer IRS training • Click the appropriate demo.
Provide details and engage the students	<p>Discuss all tips and cautions in detail.</p> <p>Ask students to read and/or role-play examples and sample interviews.</p> <p>Review answers to each exercise; ask students how they arrived at their answers.</p>	<p>Internet: Link & Learn Taxes (L&LT) Payments</p>

Topic-specific Tips

Topic Name	Instructor Notes	Presentation Aids
Introduction	<p>Review lesson objectives.</p> <p>Review list of references.</p> <p>State the presentation time.</p> <p>Point out that although TaxSlayer will calculate the line items in the Payments section of Form 1040, volunteers must enter the correct information and make the correct determinations based on Form 13614-C, client interviews, and resource materials.</p>	<p>Visuals: Form 13614-C, Page 2, Part III and V</p> <p>Form 1040, page 2</p> <p>Form 1040 Schedule 3, Additional Credits and Payments</p> <p>Pub 17, Part Four: Figuring Your Taxes, and Refundable and Nonrefundable Credits</p> <p>Pub 4012, Tab H, Other Taxes, Payments and Refundable Credits</p> <p>Pub 4012, Tab M, Other Returns</p>
Federal Income Tax Withheld	<p>Review the types of income subject to withholding.</p> <p>Ask: Which forms show how much tax was withheld for the year? Answer: Forms W-2, W-2G, 1099.</p> <p>Display Form W-2 and Form 1099-INT for federal income tax withheld.</p>	<p>Visuals: Form 1040, page 2</p> <p>Form W-2, box 2</p> <p>Form 1099-INT, box 4</p> <p>Pub 505</p>

Point out that TaxSlayer calculates the amounts from Forms W-2 and Forms 1099, and carries the total to the Payments section of Form 1040.

Demonstrate in TaxSlayer how withholding is carried to Payments section of Form 1040

Refer students to Pub 505 for more information.

Recommend the IRS Tax Withholding Estimator for taxpayers who want to adjust their withholding.

Internet:

[IRS Tax Withholding Estimator](#)

TaxSlayer Demo:

[Entering Payments and Estimates](#)

Estimated Tax Payments and Amounts Applied from Prior Year

Discuss how paying estimated taxes quarterly throughout the year is another way for taxpayers to "pay as they go."

Emphasize that volunteers should ask (per Form 13614-C) if taxpayers:

- Paid estimated tax; if yes, ask to see the taxpayer's Form 1040-ES
- Overpaid income tax; if yes, ask to see the previous years tax return.

Review the TaxSlayer entries to record current year estimated tax payments in Pub 4012, Tab K, Finishing the Return.

Review FAQs found on IRS.gov.

Demonstrate TaxSlayer procedure for entering estimated taxes, including adding an overpayment from the previous year.

Point out due to significant changes resulting from the Tax Reform and Jobs Act, taxpayers who are wage earners should use the IRS Tax Withholding Estimator to determine whether they need to update their withholding.

Visuals:

[Form 13614-C](#): Page 2, Part V

Pub 4012, Tab K, Finishing the Return, Estimated Tax Payments

[Form 1040-ES](#)

Internet:

FAQs: [Top Frequently Asked Questions for Estimated Tax](#)

YouTube video: [Estimated Tax Payments](#)

TaxSlayer Demo:

[Entering Payments and Estimates](#)

Payments and Extensions

Emphasize that the extension to file is not an extension to pay.

Refer to Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return, for assisting taxpayers who need to request an extension of time to file their tax return.

Review TaxSlayer step-by-step instructions for filing an extension.

Step through Tax Trails on IRS.gov to determine if a taxpayer can get an extension to file.

Review FAQs on due dates and extensions found on IRS.gov.

Demonstrate Filing for an Extension.

Visuals:

Pub 4012, Tab M, Other Returns: [Filing For An Extension](#)

[Form 4868](#)

Internet:

Tax Topic: [Extension of Time to File Your Tax Return](#)

FAQs: [Due Dates & Extension Dates for e-file](#)

TaxSlayer Demo:

[Entering Payments and Estimates](#)

Excess Social Security and Tier 1 RRTA Withholding

Discuss situations that could cause a taxpayer to pay more social security tax than required and be owed a refund.

Point out that TaxSlayer will calculate the refund based on entries from Forms W-2, when a taxpayer's wages exceed the maximum subject to social security or tier 1 railroad retirement tax for the year.

Point out that TaxSlayer totals the payments and carries the amount to Form 1040, total payments line.

Review Tax Topics found on IRS.gov.

Visuals:

Pub 4012, Tab H, Other Taxes, Payments and Refundable Credits, Payments and Estimates

Internet:

Tax Topics: [Excess Social Security and RRTA Tax Withheld](#)

Skills Warm Up

Review the Skills Warm up with the class.

Restate the out of scope items.

Visuals:

L< Payments: Click Certification Warm Up icon to review the exercises

References

Form 13614-C, Intake and Interview Sheet	Form 13614-C , Page 2, Part III and V
Form 1040	Form 1040 , page 2
Form W-2	Form W-2
Pub 4012, Volunteer Resource Guide	Pub 4012, Volunteer Resource Guide, Tab H, Other Taxes, Payments and Refundable Credits; Tab M, Other Returns; and Tab K, Finishing the Return
Pub 17	Pub 17 , Part Four: Figuring Your Taxes, and Refundable and Nonrefundable Credits

Optional

Form 1040 Instructions	Form 1040 Instructions
Form 1040-ES	Form 1040-ES, Estimated Tax for Individuals
Form 1099-INT	Form 1099-INT, Interest Income
Form 1099-DIV	Form 1099-DIV, Dividends and Distributions
Form 4868	Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return
Form 8962	Form 8962, Premium Tax Credit (PTC)
Pub 505	Pub 505, Tax Withholding and Estimated Tax

Recommended Classroom Activities



Skills Workout



Certification Warm Up



Media: Videos & Audio



TaxSlayer Tutorial



Job Aids



Practice Lab



Skills Workout: Link & Learn Taxes Payments

Click Skills Workout for a new way to access L< Payments.



Certification Warm Up – Summary and Exercises

Click Certification Warm Up for a new way to access the exercises in L< Payments.



Media: Video & Audio for Lesson

Tax Tip: Estimated Tax Payments

<https://www.youtube.com/watch?v=eMxTgPtpvmE>



TaxSlayer Tips and Resources for Lesson

TaxSlayer Training Video [Entering Payments and Estimates](#)

Practice Lab Tutorial

From the [Practice Lab](#):

1. Enter the universal password (if you do not have the password, you can request it from your site coordinator or SPEC relationship manager).
 2. Sign in to Practice Lab or create an account.
 3. Select the appropriate tutorial.
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Job Aids

ITA and FAQs for Lesson

Tax Topics	Tax Topics – Excess Social Security and RRTA Tax Withheld https://www.irs.gov/taxtopics/tc608.html
FAQs	FAQs - Top Frequently Asked Questions for Estimated Tax https://www.irs.gov/faqs/estimated-tax FAQs: Due Dates & Extension Dates for e-file https://www.irs.gov/faqs/electronic-filing-e-file/due-dates-extension-dates-for-e-file
Online tool	IRS Tax Withholding Estimator https://www.irs.gov/individuals/tax-withholding-estimator



Practice Lab

Practice Lab	https://vita.taxslayerpro.com/IRSTraining
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