DOES THE TAX CODE SPEAK TO YOU? IF NOT, LET US.

If you are looking for a speaker for your organization’s next meeting or a “brown bag” lunch contact Mission Society of Enrolled Agents (MSEA), a society of tax professionals.

MSEA speakers can provide your association members with information on current tax issues and planning strategies.

For more information or to schedule a presentation, please call us today at: 1 (800) 832-6732 or send an e-mail to: office@missioneas.org

http://www.missioneas.org/ Speaker Bureau.html
Presenter

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Enrolled Agent

- An Enrolled Agent (EA) is a federally licensed tax practitioner with proven and tested technical expertise in the field of taxation.

- EAs are the only taxpayer representatives who receive their right to practice from the U.S. government and are subject to annual continuing education requirements in order to maintain their license.

- Enrolled Agents are bound by a comprehensive code of ethics detailed in the IRS published Circular 230.
The information contained herein is not intended as tax advice. To comply with requirements imposed by the IRS, we inform you that information contained in this presentation is not intended to be used, and cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code or for promoting, marketing or recommending to another party any transaction or matters addressed herein.
Agenda

- Who Must File
- Consequences of Not Filing and Paying Your Taxes
- When to File
- Form 1040
- Standard Deductions and Exemptions
- W-2 and 1099-Misc Income
- Scholarships, Fellowships and Assistantships
- Education Credits and Deductions
- Where to File
- State Income tax issues
- FBARs
- Resources from the IRS, State and Stanford
- Frequently Asked Questions (FAQ)
Objectives

To provide a general overview of the field of taxation and to inform the students of resources available from the IRS (Internal Revenue Service), California Franchise Tax Board and from Stanford University.

Please use all of the resources mentioned in this presentation and consult with your personal tax advisor to obtain complete information on a specific topic. Due to the complex nature of taxation and the limited presentation time, this is not intended to be a complete discussion of the subject matter.
Who Must File

If you are a U.S. citizen or resident of the United States your gross income, filing status, age, and whether or not you are claimed as a dependent determine whether you must file a tax return.
### Who Must File

<table>
<thead>
<tr>
<th>If your filing status is…</th>
<th>And at the end of 2012 you were….</th>
<th>File a return if your gross income was at least…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single— Non Dependent</td>
<td>under 65</td>
<td>$ 9,750</td>
</tr>
<tr>
<td></td>
<td>65 or older</td>
<td>$11,200</td>
</tr>
<tr>
<td>Married filing jointly</td>
<td>Under 65 (both spouses)</td>
<td>$19,500</td>
</tr>
<tr>
<td></td>
<td>65 or older (one spouses)</td>
<td>$20,650</td>
</tr>
<tr>
<td></td>
<td>65 or older (both spouses)</td>
<td>$21,800</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>any age</td>
<td>$ 3,800</td>
</tr>
<tr>
<td>Head of household</td>
<td>under 65</td>
<td>$12,500</td>
</tr>
<tr>
<td></td>
<td>65 or older</td>
<td>$13,950</td>
</tr>
<tr>
<td>Qualifying window(er)</td>
<td>under 65</td>
<td>$15,700</td>
</tr>
<tr>
<td>with dependent child</td>
<td>65 or older</td>
<td>$16,850</td>
</tr>
</tbody>
</table>
Who Should File

Although you may not be required to file, you may want to file if you are eligible to claim:

- Refund of withheld taxes
- Earned Income Credit (EIC)
- Additional Child Tax Credit
Consequences of Not Filing

Filing and paying your taxes is required by law. In addition, the IRS and State taxing agencies (such as the California Franchise Tax Board) can and will assess civil penalties and interest for failure to file and failure to pay your taxes. It is also possible to be subject to criminal penalties under certain circumstances.
When are the Tax Filing Deadlines?

<table>
<thead>
<tr>
<th>Type of Tax Return</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Tax returns – Form 1040</td>
<td>April 15, 2013</td>
</tr>
<tr>
<td>State Tax returns</td>
<td>April 15, 2013</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>File extension:</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form 4868</td>
<td>April 15, 2013</td>
</tr>
<tr>
<td>State Forms (if required)</td>
<td>April 15, 2013</td>
</tr>
</tbody>
</table>

For a complete discussion on filing deadlines and any exceptions, please visit the IRS website at [www.irs.gov](http://www.irs.gov) and your state tax website.
For students without a social security number a tax return can be filed with an Individual Taxpayer Identification Number (ITIN).

Use IRS form W-7 to apply for an ITIN.

An ITIN does not authorize someone to work in the US and is used for tax reporting purposes only.
Resident – Form 1040

File federal Form 1040, Form 1040A or Form 1040EZ

- See IRS Publication 17 for information and instructions
- See also www.irs.gov for complete information
- Fingate has a overview of tax considerations at http://fingate.stanford.edu/students/taxinfo/tax_citizen_residalien.html on the fingate website.
Standard Deductions

Varies depending on Filing and Dependency Status:

- Single/ Married Filing Separately: $5,950
- Married filing Jointly/Qualifying Widow(er) : $11,900
- Head of household: $8,700
- Dependents: $950 or earned income + $300, up to $5,950
Exemptions

Each personal exemption is $3,800. Everyone claimed on the return must have either a social security number or an Individual Tax Identification Number (ITIN).

Exemptions may be reduced or phased out

Definitions of “Qualifying child” may vary depending on context

Please see Publication 17 for additional information on dependents as an exemption (qualifications, conditions and exceptions).
IRS Forms

- W-2 Form – Statement issued by Stanford or a non-Stanford employer sent to you at the end of January by the payroll department for wages, commissions or other taxable income reported to the IRS on the Form W-2. Amounts withheld as tax withholdings will be shown on the Form W-2.

- Form 1042-S – Used to report income and withholding of a non-resident individual including many F-1 and J-1 foreign students.

- Visit the Fingate website to find out how to request Form W-2 and/or Form 1042-S if you were to receive them and have not receive them or need duplicates if you lost them.
IRS Forms

- **1099-Misc** – Statement issued to you for income items including amounts paid to you as an independent contractor and misc income such as a prize or award.

- **1099-G** - Unemployment compensation, Paid Family Leave or state tax refunds for prior years
IRS Forms

- 1099-INT – Statement issued by your Financial Institution of interest income earned on deposits in banks, insurance companies, etc.

- 1099-DIV – Statement issued by brokerage firm or dividend paying company on dividends received.

- 1099-B – Statement issued by brokerage firm to report gross proceeds from stock sales

IRS Forms

Form 1098-T – Annual Tuition Statement:

- Statement issued by Stanford for the amounts paid for tuition and fees. If you are not filing as a non-resident (but as a resident), you may be able to use this form when completing your return to claim educational credits.

- See Publication 970 and www.irs.gov for additional information on educational credits and qualifications to claim these credits.

- Fingate website has extensive information on Form 1098-T with a section of frequently asked questions.
Qualified Scholarship

Scholarships may be excluded from the recipient’s gross income when the following conditions are met:

- The award must be a qualified scholarship (the award can only be applied for tuition and mandatory fees)
- The recipient must be a candidate for degree (matriculated)
- The award must be for the purpose of studying or conducting research at an educational organization
- See Publication 17, Publication 970
- Also, www.irs.gov for a discussion of these exclusions
A scholarship/fellowship is considered to be non-qualified if it was used for expenses other than tuition and mandatory fees at the University. Any amount that exceeds tuition and mandatory fees is taxable, including amounts paid for room and board.
Fellowship and Assistantships

For degree-seeking (matriculated) students, the tuition portion of fellowships and assistantships is exempt from tax. Non-matriculated students are subject to tax on any tuition support received.

Fellowship stipends and assistantship salaries are considered taxable for the recipient. The amount of tax varies according to student’s total income, dependency status, treaty status for international students and individual circumstances.
Graduate Financial Support

- Students will receive a W-2 form covering Stanford salaries, including assistantships. They will not receive a tax statement of fellowship stipends. Any fellowship received in excess of tuition and fees required for enrollment (which include health insurance fees, campus health services fees, ASSU fees and document fees) is taxable to the recipient.

- See also www.irs.gov, www.ftb.ca.gov or talk to your personal tax advisor in determining Federal and State taxable income.
Education Deductions & Credits

There are two credits and one deduction that can possibly be used to reduce taxable income or tax liabilities.

- American Opportunity Tax Credit (formerly Hope)
- Lifetime Learning Tax Credit
- Higher Education Tuition and Fees Deduction
Education Deductions & Credits

Higher Education Tuition and Fees Deduction

- Deduction for Tuition and fees, course related books, supplies and equipment off taxable income

- $4,000 if Modified AGI is $65,000 or less
- $2,000 if Modified AGI is $80,000 or less
- $0 if Modified AGI is over $80,000
American Opportunity (Hope) Tax Credit

100% of the first $2,000, plus 25% of the next $2,000 paid for qualified Tuition and related expenses. For a maximum of $2,500 per Student—reported on form 8863

40% of the credit is now refundable, up to $1,000
Education Deductions & Credits

Lifetime Learning Tax Credit

20% of the first $10,000 paid for qualified Tuition and related expenses. Up to a maximum of $2,000 per student. Reported on form 8863
Form 1098-T

- Does not always have the information that you need for filing.
- If you are in a taxable situation, you will want to get an accounting of your actual tuition payments and your scholarship fund applications for accuracy.
- How to get to the detailed financial information for graduate students:
  - go to axess.stanford.edu
  - --> Finances
  - --> Financial History by Term
Estimated Tax Payments

- You may need to pay estimated taxes:
  - Expect to owe at least $1,000 taxes in 2012
  - Withholding and credits will be less than
    - 90% of your 2012 taxes, or
    - 100% of your 2011 taxes

Special rules apply if your adjusted Gross Income is more than $150,000.
Estimated taxes

- Payments are due quarterly:
  - April 15, 2013
  - June 15, 2013
  - September 15, 2013
  - January 15, 2014
Finishing the Return

1) E-File with an authorized electronic filer
2) File a paper return
   - Taxpayer(s) must sign return or E-file form
   - Options on ways to get refunds (direct deposit, check, or split the refund among multiple accounts)
   - Attach copy of W-2(s) to the return
   - Mail Tax return
   - Keep Copies for at least 3 years from date filed
Where to File for Federal Purposes

Mail Form 1040 to:

Internal Revenue Service
Fresno, CA 93888

Note: Tax returns cannot be faxed to the Internal Revenue Service
Where to Find Forms and Instructions

- Form 1040, Form 1040EZ
- State Forms (CA)
- All IRS forms located at www.irs.gov
- All CA forms located at www.ftb.ca.gov.
- Use the federal and state instructions to determine your filing requirements.
State Income Tax Issues

- Some states base their state returns on the federal adjusted gross income.
- For state information on a specific state, please use the internet to obtain information on the filing requirements for a specific state (most states should have their own website like California does) or consult your own personal tax advisor.
- It is your responsibility to determine state filing requirements and to file your state(s) returns.
California State Tax

- If you made estimated tax payments to California for tax year 2012, don’t forget to pick them up on the CA return as California estimated tax payments.
California State Tax

- Information can be found on California State Tax at the California Franchise Tax Website at www.ftb.ca.gov to help determine your CA residency and CA filing requirements, or consult your personal tax advisor.
- CA tax forms can be found at www.ftb.ca.gov/forms.
- Website links to the California Franchise Tax Board can also be found on Stanford Website Fingate.
Where to File for California Tax

If your return shows a refund or amount due, mail your form to:

Franchise Tax Board
PO Box 942840
Sacramento, CA 94240-0002

If you are enclosing a check or money order, mail your forms to:

Franchise Tax Board
PO Box 942867
Sacramento, CA 94267-0001
Report of Foreign Bank and Financial Accounts (FBAR)

- Applies to US citizens and resident aliens for 2012
- Rules may change for following tax years to include non-resident aliens
- Foreign Bank Account (Form TD F 90-22.1) must be received by Department of Treasury on or before June 30, 2013
- No extensions of time to file permitted
Report of Foreign Bank and Financial Accounts (FBAR)

- Must file FBAR if

Financial interest in, or signature authority, or other authority that is comparable to signature authority, over one or more accounts in a foreign country, AND

The aggregate value of all foreign accounts exceeds $10,000 at anytime during the calendar year
Report of Foreign Bank and Financial Accounts (FBAR)

- Penalties are very significant for filing late or failure to file
- Postmarks are not considered evidence of timely filing
- Mail completed Form TD 90-22.1 to:
  
  US Department of Treasury
  PO Box 32621
  Detroit, MI 48232-0621

- Do not mail FBAR with your Federal Tax Return.
- See www.irs.gov for complete information
Personal Tax Advisors

This presentation is not a substitute for personal assistance from your own personal tax advisor. A personal tax advisor can go over all of your specific facts and circumstances can advise you on your personal tax situation.
Finding a Tax Preparer

Resources

- National Association of Enrolled Agents: [http://www.naea.org](http://www.naea.org)
- Mission Society of Enrolled Agents: [http://www.yourea.org](http://www.yourea.org)
- Recommendations from friends and coworkers
- Local Yellow Pages and internet
Resources

- IRS website - www.irs.gov
  - Link & Learn Taxes at www.irs.gov

- Stanford Financial Services has a Stanford-specific page for tax information here: http://fingate.stanford.edu/students/taxinfo/index.html

- California Franchise Tax Board website - www.ftb.ca.gov
Question
I did not receive a W-2 or any other tax document from Stanford for my stipend payments. Am I still required to pay tax on these?

Answer
Even if you do not receive a tax form for the payments they may be taxable, and you may have a filing requirement depending on your other circumstances.

For more information, go to www.irs.gov. Also, visit the Stanford Website.
FAQ: Frequently Asked Questions

**Question**
If I have no balance due, can I file past the due date and incur no penalties?

**Answer**
No. Filing late (even with no balance due) may subject you to filing late penalties. It is important to file your returns by the due date.
FAQ: Frequently Asked Questions

Question
I heard that I can get an extension of time to file, is this true?

Answer
Yes, you may get an extension of time to file but you must follow the proper procedures and file the proper forms for Federal and State purposes. Federal and States have different forms and procedures. **An extension of time to file does not grant an extension of time to pay any taxes due. You must pay any tax due for 2011 by April 17, 2012 to avoid late penalties and interest.**