

Domestic Tax Presentation

Harvard University

Graduate School of Education

Presented by

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The information in this presentation is for general informational purposes only, and should not be considered legal advice or personal tax advice. The federal and state income tax rules and requirements are complex and vary based on an individual's personal tax situation. Individuals should refer to the form instructions, tax publications and information available on the Internal Revenue Service and MA Department of Revenue Services websites and/or consult with a personal tax advisor. Filing accurate federal and state individual income tax returns is the personal responsibility of each student.

Agenda

- Filing Requirements
- Reportable Income
- Tax Forms
- Estimated Income Taxes
- Tax Credits
- Student Loan Interest
- State Income Taxes
- Q&A

Filing Requirements

Who is required to file:

- Federal - US Citizens & Resident Alien taxpayers file form 1040
- Resident Aliens - Alien Registration Card aka "Green Card" or Substantial Presence Test
- 2023 income thresholds requiring the filing of a federal income tax return
- Filing status
 - Single, under age 65 \$13,850
 - Married filing jointly, under 65 \$27,700
 - Married filing separately, under 65 \$5
 - Head of Household, under 65 \$20,800
 - Single, dependent of another taxpayer
 - Unearned income over \$1,250 or
 - Earned income over \$13,850 or
 - Total income is greater than \$1,150 or the earned income up to \$13,450 plus \$400.

Filing Requirements, Cont.

- “Kiddie Tax” Form 8615
 - Applies to children under age 18 and certain other children described below with unearned income over \$2,500. This income is taxed at the parent’s rate if higher than the child’s.
- Who Must File:
- Form 8615 must be filed for any child who meets all of the following conditions:
 - 1. The child had more than \$2,500 of unearned income
 - 2. The child is required to file a tax return
 - 3. The child is either:
 - a. Was under the age of 18 at the end of 2023,
 - b. Was age 18 at the end of 2023 and didn’t have earned income that was more than half of the child’s support, or
 - c. Was a full-time student at least age 19 and under age 24 at the end of 2023 and didn’t have earned income that was more than half the child’s support
 - 4. At least one of the child’s parents was alive at the end of 2023
 - 5. The child doesn’t file a joint return for 2023

Filing Requirements, Cont.

- Nonresident taxpayers
 - Nonresident taxpayers file form 1040NR- Reporting requirements vary depending on each individual's income sources and tax treaties, if applicable. NRA receive form 1042-S which reflects the taxable amount & tax withheld.
- Filing Options:
 - Residents can electronically or paper file tax forms. Free tax filing options at www.irs.gov/filing/free-file-do-your-federal-taxes-for-free. Free if below \$73,000 in taxable income, otherwise pay a fee.
- Due Dates:
 - Federal (IRS) and Massachusetts – Monday, April 15, 2024
 - Other states – check on state tax website

Reportable Income

Residents are taxed on worldwide income – Report all income from any source *U.S. **AND** Foreign*:

- Salaries (W-2)
- Taxable fellowships, scholarships and grants
- Bank interest and dividends
- Investment income
- Royalties, prizes and awards
- Real estate rentals and sale proceeds

Fellowships, Scholarships and Grants

Taxation of Scholarships, Fellowships, Grants & Awards

- Scholarships – IRS, generally an amount paid or allowed to a student at an educational institution for the purpose of study

- Fellowship – IRS, generally an amount paid to an individual for the purpose of research.

- Whether it's identified as a scholarship, fellowship, grant or award taxation of such is controlled by Sections 61 & 117 of the Internal Revenue Code

- IRC Section 61 - States "*Except as otherwise provided in this subtitle, gross income means all income from whatever source derived, including (but not limited to) the following items*"

- IRC Section 117 - States "*Gross income does not include any amount received as a qualified scholarship by an individual who is a candidate for a degree at an educational organization*"

Fellowships, Scholarships and Grants , Cont.

Taxable v. Non-taxable

-Non-taxable – If the following conditions are met:

-The individual is a **candidate for a degree** at an educational institution that maintains a regular faculty and curriculum and normally has a regular enrolled body of students in attendance at the place where it carries on its educational activities; and

-Amounts you receive as a scholarship or fellowship grant are used for tuition and fees required for enrollment or attendance at the educational institution, or for fees, books, supplies, and equipment required for courses at the educational institution. **(aka Qualified Educational Expenses)**

-Taxable – If amounts are used for incidental expenses, such as room and board, travel, optional equipment, and generally amounts received as payments for teaching, research, or other services required as a condition for receiving the scholarship or fellowship grant. In addition, any part of the scholarship or fellowship that represents a payment for services is taxable.

Reporting Taxable Fellowships & Scholarships

-See IRS Publication 970 Worksheet 1-1 to compute taxable scholarship and fellowship income

-Reporting mechanism to IRS

W-2 (Federal Work Study Program Jobs)

Form 1099-MISC

Form 1042-S

Possibly none

- Where to Report:

- Form 1040, Schedule 1, Line 8r – Scholarships and fellowship grants not reported on Form W-2

p	Section 461(l) excess business loss adjustment	8p	
q	Taxable distributions from an ABLE account (see instructions)	8q	
r	Scholarship and fellowship grants not reported on Form W-2	8r	15,000.
s	Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d	8s	()
t	Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan	8t	
u	Wages earned while incarcerated	8u	

Form

1040

Department of the Treasury—Internal Revenue Service

U.S. Individual Income Tax Return

2022

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space

Filing Status

☐ Single
☐ Married filing jointly
☐ Married filing separately (MFS)
☐ Head of household (HOH)
☐ Qualifying surviving spouse (QSS)

Check only one box.

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent.

Your first name and middle initial

Last name

Your social security number

If joint return, spouse's first name and middle initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

City, town, or post office. If you have a foreign address, also complete spaces below.

State

ZIP code

Foreign country name

Foreign province/state/county

Foreign postal code

☐ You
☐ Spouse

Digital Assets

At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.)

☐ Yes
☐ No

Standard Deduction

Someone can claim:

☐ You as a dependent
☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness

You:

☐ Were born before January 2, 1958
☐ Are blind

Spouse:

☐ Was born before January 2, 1958
☐ Is blind

Dependents

(see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) Check the box if qualifies for (see instructions):	Child tax credit	Credit for other dependents
				☐	☐	☐
				☐	☐	☐
				☐	☐	☐
				☐	☐	☐

Income

1a Total amount from Form(s) W-2, box 1 (see instructions)

1b Household employee wages not reported on Form(s) W-2

1c Tip income not reported on line 1a (see instructions)

1d Medicaid waiver payments not reported on Form(s) W-2 (see instructions)

1e Taxable dependent care benefits from Form 2441, line 26

1f Employer-provided adoption benefits from Form 8839, line 29

1g Wages from Form 8919, line 6

1h Other earned income (see instructions)

1i Nontaxable combat pay election (see instructions)

1j Add lines 1a through 1h

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. E if required.

2a Tax-exempt interest

2b Taxable interest

3a Qualified dividends

3b Ordinary dividends

4a IRA distributions

4b Taxable amount

5a Pensions and annuities

5b Taxable amount

6a Social security benefits

6b Taxable amount

7 Capital gain or (loss). Attach Schedule D if required. If not required, check here

8 Other income from Schedule 1, line 10

9 Add lines 12, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income

10 Adjustments to income from Schedule 1, line 26

11 Subtract line 10 from line 9. This is your adjusted gross income

12 Standard deduction or itemized deductions (from Schedule A)

13 Qualified business income deduction from Form 8995 or Form 8995-A

14 Add lines 12 and 13

15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income

Standard Deduction for—

- Single or Married filing separately, \$12,900
- Married filing jointly or Qualifying surviving spouse, \$25,900
- Head of household, \$19,400
- If you checked any box under Standard Deduction, see instructions.

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

Get. No. 11320B

Form 1040 (2022)

Form 1040 (2019) **John Doe** 123-45-6789 Page 2

12a Tax (see inst.) Check if any from Form(s): 1 ☐ 8814 2 ☐ 4972 3 ☐ 12a **2,377.**

b Add Schedule 2, line 3, and line 12a and enter the total **12b 2,377.**

13a Child tax credit or credit for other dependents **13a**

b Add Schedule 3, line 7, and line 13a and enter the total **13b 2,377.**

14 Subtract line 13b from line 12b. If zero or less, enter -0- **14**

15 Other taxes, including self-employment tax, from Schedule 2, line 10 **15**

16 Add lines 14 and 15. This is your **total tax** **16 2,377.**

17 Federal income tax withheld from Forms W-2 and 1099 **17**

18 Other payments and refundable credits:

a Earned income credit (EIC) **18a**

b Additional child tax credit. Attach Schedule 8812 **18b**

c American opportunity credit from Form 8863, line 8 **18c**

d Schedule 3, line 14 **18d**

e Add lines 18a through 18d. These are your **total other payments and refundable credits** **18e**

19 Add lines 17 and 18e. These are your **total payments** **19**

Refund 20 If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you **overpaid** **20**

21a Amount of line 20 you want **refunded to you**. If Form 8888 is attached, check here ☐ **21a**

b Routing number **c Type:** ☐ Checking ☐ Savings

d Account number

22 Amount of line 20 you want **applied to your 2020 estimated tax** **22**

Amount You Owe 23 **Amount you owe.** Subtract line 19 from line 16. For details on how to pay, see instructions **23 2,377.**

24 **Estimated tax penalty (see instructions)** **24**

Third Party Designee Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions ☐ **Yes. Complete below.**

☐ **No**

Designee's name **Phone no.** **Personal identification number (PIN)**

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature **Date** Your occupation **student**

Joint return? ☐ **Spouse's signature.** If a joint return, **both** must sign. **Date** **Spouse's occupation**

If the IRS sent you an Identity Protection PIN, enter it here (see inst.) **If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)**

Paid Preparer Use Only Preparer's name **Robert D. Underwood, CPA** Preparer's signature **Robert D. Underwood, CPA** Date **11/16/20** PTIN **P00466844** Check it: ☐ 3rd Party Designee ☐ Self-employed

Firm's name **Robert D. Underwood, CPA, PC** Phone no. **(781) 245-1615** Firm's EIN **04-3375794**

Firm's address **146 Lowell Street, Suite 300A-2 Wakefield, MA 01880-1985**

Go to www.irs.gov/Form1040 for instructions and the latest information. Form 1040 (2019)

22222		a Employee's social security number 000-00-0000		OMB No. 1545-0008			
b Employer identification number (EIN) 82-XXXXXXX			1 Wages, tips, other compensation 4,400		2 Federal income tax withheld 150		
c Employer's name, address, and ZIP code			3 Social security wages 4,400		4 Social security tax withheld 65.14		
			5 Medicare wages and tips 4,400		6 Medicare tax withheld 15.23		
			7 Social security tips		8 Allocated tips		
d Control number 007XXX			9		10 Dependent care benefits		
e Employee's first name and initial Last name Suff. John Doe 425 Anywhere Rexburg, ID 83460			11 Nonqualified plans		12a		
			13 Statutory employee Retirement plan Third-party sick pay ☐ ☐ ☐		12b		
			14 Other		12c		
					12d		
f Employee's address and ZIP code							
15 State ID	Employer's state ID number XXXXXXX	16 State wages, tips, etc. 4,400	17 State income tax 300	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

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

2016

Department of the Treasury—Internal Revenue Service

☐ 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	
		\$		Form 1099-DIV	
		1b Qualified dividends		(Rev. January 2022)	
		\$		For calendar year 20__	
2a Total capital gain distr.		\$		2b Unrecap. Sec. 1250 gain	
2c Section 1202 gain		\$		2d Collectibles (28%) gain	
2e Section 897 ordinary dividends		\$		2f Section 897 capital gain	
3 Nondividend distributions		\$		4 Federal income tax withheld	
5 Section 199A dividends		\$		6 Investment expenses	
7 Foreign tax paid		\$		8 Foreign country or U.S. possession	
9 Cash liquidation distributions		\$		10 Noncash liquidation distributions	
11 FATCA filing requirement		12 Exempt-interest dividends		13 Specified private activity bond interest dividends	
14 State		15 State identification no.		16 State tax withheld	
Account number (see instructions)		\$		\$	

Form **1099-DIV** (Rev. 1-2022) www.irs.gov/Form1099DIV Department of the Treasury - Internal Revenue Service

Dividends and Distributions

Copy 1
For State Tax Department

☐ VOID ☐ CORRECTED		OMB No. 1516-0112 Form 1099-INT (Rev. January 2022) For calendar year 20____		Interest Income Copy 1 For State Tax Department	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Payer's RTN (optional)		1 Interest income \$ _____	
		2 Early withdrawal penalty \$ _____			
PAYER'S TIN		RECIPIENT'S TIN		3 Interest on U.S. Savings Bonds and Treasury obligations \$ _____	
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		4 Federal income tax withheld \$ _____		5 Investment expenses \$ _____	
		6 Foreign tax paid \$ _____		7 Foreign country or U.S. possession	
		8 Tax-exempt interest \$ _____		9 Specified private activity bond interest \$ _____	
		10 Market discount \$ _____		11 Bond premium \$ _____	
		FATCA filing requirement ☐		12 Bond premium on Treasury obligations \$ _____	
				13 Bond premium on tax-exempt bond \$ _____	
Account number (see instructions)		14 Tax-exempt and tax credit bond CUSIP no.		15 State	
				16 State identification no.	
				17 State tax withheld \$ _____ \$ _____	

Form 1099-INT (Rev. 1-2022)

www.irs.gov/Form1099INT

Department of the Treasury - Internal Revenue Service

Estimated Taxes

-For federal and state income tax purposes all taxpayers who expect to owe \$1,000 and \$400 respectively are required to pay an estimated tax.

-For both federal and state payments installment amounts are due on or before the following dates:

April 15th

June 15th

September 15th

January 15th of the following year

-In order to avoid penalties for underpaying of your estimated tax, the total of your estimated tax payments for the current year must be greater than 90% of the current year's liability or 100% of the prior year's liability.

-Regardless, all amounts are due in full by April 15th following the close of the tax year.

Both federal and state income tax payments can be made online using the following links:

Federal tax payments - <https://www.irs.gov/payments>

Massachusetts tax payments - <https://mtc.dor.state.ma.us/mtc/>

Educational Tax Credits

American Opportunity Credit

- Generally not available to graduate students. Available to students during their first four years of postsecondary education

Life Time Learning Credit

- Based on qualified educational expenses for higher education
- Qualified expenses include tuition and certain related expenses required for enrollment in a course at an eligible educational institution
- The maximum credit for any tax year is equal to \$2,000 determined by multiplying the first \$10,000 of qualified educational expenses paid 20%
- The credit begins to phased out for single individuals with a modified adjusted gross income (MAGI) of \$80,000 and fully phased out at a MAGI of \$90,000
- For married individuals the phase out begins with a MAGI of \$160,000 and ends at \$180,000

Student Loan Interest

Student loan interest deduction

- Student loan interest - Interest paid during the tax year on a qualified student loan
- Qualified student loan is a loan used solely to pay for qualified educational expenses
- Qualified education expenses include tuition and fees; room and board; books, supplies, and equipment; and other necessary expenses
- The student loan interest deduction is the lesser of \$2,500, or the interest paid during the year
- The deduction begins to phase out at certain levels of modified adjusted gross income (MAGI) as follows:
 - Married filing jointly – The phase out begins when your MAGI reaches \$145,000 with the deduction fully phased out at \$175,000 of MAGI
 - All other taxpayers - The phase out begins when your MAGI reaches \$70,000 with the deduction fully phased out at \$85,000 of MAGI

Massachusetts Tax Filings

- For Massachusetts state income tax, you are deemed a full year resident if you maintain a permanent place of abode in MA & you spend more than 183 days of the taxable year in MA
- Above tests not met, generally a nonresident for MA income tax. Earn more than \$8,000 & the income is not exempt from taxation under a treaty, file MA Form 1-NR, if you are a nonresident alien. (Federal tax return may still be required)
 - Income less than \$8,000 – May want to file MA Form 1-NR to claim refund of any tax withheld
- Resident, file MA Form 1. Need to prove you have health insurance – Form MA 1099-HC, Individual Mandate Massachusetts Health Care Coverage

Massachusetts Tax Filings

- Permanent place of abode depends on the type of housing. Off campus & not affiliated with Harvard, you may be deemed to have a permanent place of abode in MA. – If non-U.S. citizen
- U.S. citizen still financially supported by parents are generally deemed to be residents of the state of parents' residency
 - Unless U.S. citizen student provides more than one-half of his or her own financial support, likely supported by parents
- 1099-HC form – Not attached to MA return, need its information to complete the Massachusetts return
 - Informational Form Only – No Tax – Penalty assessed up to 50% of minimum monthly insurance premium qualified through MA Health Connector

Other States

If you worked or were a student in more than one state, (CA and MA for example), in the same year because you moved from one state to another, you may be required to file tax forms in each state.

Which form to use?

- Non-resident/Part-year resident – Generally less than 183 days present in a state or no place of abode, (rental apartment, home, or similar dwelling)
 - Taxed on only income earned in the state and/or all income received or earned during part-year residency
- Resident – Living in a state, or more than 183 days presence, with place of abode
 - Taxed on income from all sources
- Tax credits may be available on income taxed by both states