

**EXAMPLES OF TAXABLE INCOME**

- \* Wages, salaries, bonuses, and commissions
- \* Tips and other compensation for personal services
- \* Interest (except on certain state and local bonds)
- \* Refunds of state, local taxes, and mortgage interest overcharges (if a deduction in the prior year lowered the individual's tax liability)
- \* Nonqualifying scholarships and fellowships
- \* Railroad Retirement benefits (portion may be taxable)
- \* Social Security benefits (portion may be taxable)
- \* Executor's fees (self-employment tax also, if professional executor)
- \* Household employee with or without W-2
- \* Certain fringe benefits
- \* Alimony payments
- \* Pensions & annuities
- \* Capital gains
- \* Business income
- \* Rents
- \* Lottery winnings
- \* Unemployment compensation
- \* Strike & lockout benefits
- \* Dividends
- \* Some sick pay
- \* IRA distributions
- \* Gain from sale of property
- \* Hobby income
- \* Estate or trust income
- \* Gambling winnings
- \* Jury duty fees
- \* Bribes

**EXAMPLES OF NONTAXABLE INCOME**

- \* Child support
- \* Worker's compensation
- \* Dividends on veteran's life insurance
- \* Interest on insurance dividends left on deposit with VA
- \* Gifts, inheritance, and bequests
- \* Insurance payments (accident, casualty, and health)
- \* Holocaust payments
- \* Interest on state and local government obligations
- \* Most life insurance proceeds paid upon death
- \* Public assistance payments (welfare)
- \* Certain railroad retirement benefits
- \* Social Security benefits (part of all may be exempt from tax)
- \* Veteran's disability benefits
- \* Qualified scholarships and fellowships
- \* Black lung benefits
- \* Federal income tax refunds
- \* Tax-exempt interest is not taxable, but must be reported because Line 8b is used in EITC and SSA calculations

**SOCIAL SECURITY AND MEDICARE TAX**

Employee's Share of FICA (Shown on W-2)

Year	SS Amt	Rate	Medicare	Rate
2017	\$127,200	6.2%	All	1.45%

(Employer match is 7.65%)

**SELF-EMPLOYMENT TAX (Use Schedule SE)**

Year	SS Amt	Rate	Medicare	Rate
2017	\$127,200	12.4%	All	2.9%

(Total Self-Employment Tax is 15.3% of net income)

**2017 OPTIONAL MILEAGE RATE (+ PARKING & TOLLS)**

REASON FOR USE	AMOUNT PER MILE
Business	53.5¢
Charitable	14¢
Medical and Moving	17¢

**HEAD OF HOUSEHOLD**

Relationship to Taxpayer	Must Live with Taxpayer	Must be Taxpayer's Dependent
Qualifying Child (see Pub. 17 or 4012 for definition)	YES	NO
Mother or Father	NO	YES
Qualifying Relatives (see Pub. 17 or 4012 for definition)	YES	YES
Cousins & Not Related People	Do not qualify	Do not qualify

**VERIFY EACH SOCIAL SECURITY NUMBER**

- \* Individuals who claim exemptions for dependents or who have qualifying children and claim EIC are required to provide a Social Security number regardless of the child's age – even if the child was born on December 31, 2017.
- \* Check if card says "Not Valid For Employment"

**PRIOR YEAR RETURNS:** Forms for specific prior year must be used. See prior year forms at: [www.irs.gov](http://www.irs.gov)

**SERVICE CENTER NOTICES:** Do not amend return. Follow instructions on the notice, within the time limit specified.

**AMENDED RETURNS:** File an amended return to initiate a change in tax liability, credits, exemptions, filing status, deductions, adjustments, or method of tax computation.

**2017 TAX FACT SHEET**

W & I, SPEC, AREA 1 – PENNSYLVANIA

IRS Tax Account Related Questions call 1-800-829-1040

IRS Volunteer Hotline call 1-800-829-8482

Monday – Friday 7:00AM – 7:00PM

Interactive Tax Assistant available at [www.irs.gov](http://www.irs.gov)

PA State Volunteer Hotline call 1-800-452-3108

TaxSlayer Volunteer Support call 1-800-421-6346

TAC Appointment call 1-844-545-5640

**MAIL PAPER RETURNS TO:**

**Federal Returns**

**PA State Returns**

Internal Revenue Service Kansas City, MO 64999	PA Department of Revenue 1 Revenue Place (Payment) 2 Revenue Place (No Pay/ Refund) 3 Revenue Place (Refund) Harrisburg, PA 17129-000#
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**WHO MUST FILE**

(Do not count blindness)

**Filing requirements:**

<b>Single</b> , under 65	10,400
65 or over	11,950
<b>Head of Household</b> , under 65	13,400
65 or over	14,950
<b>Married-Joint</b> , both under 65	20,800
One 65 or over	22,050
Two 65 or over	23,300
<b>Married-Separate</b>	4,050
<b>Qualifying Widow(er)</b> , under 65	16,750
65 or over	18,000
<b>Self-Employed Taxpayers – Net Income</b>	400
<b>Dependents:</b>	
* Gross earned income exceeds \$6,350	6,350
* Gross under \$6,350 with earned income	earned + 350
* Unearned income only	1,050

**2017 STANDARD DEDUCTION**

(Use if not itemizing on Schedule A)

Filing Status	Line 39a Number in Box	Line 40 Enter Amount
<b>S</b>	0	6,350
	1	7,900
	2	9,450
<b>HoH</b>	0	9,350
	1	10,900
	2	12,450
<b>MFJ, QW</b>	0	12,700
	1	13,950
	2	15,200
	3	16,450
<b>MFS</b>	0	6,350
	1	7,600
	2	8,850
	3	10,100*
	4	11,350*

\* If married, filing separately, these amounts apply only if you can claim an exemption for your spouse.  
Line 39a will be zero if taxpayer is under age 65 and not blind.

**EXEMPTION AMOUNTS**

<b>1</b> = 4,050	<b>4</b> = 16,200	<b>7</b> = 28,350
<b>2</b> = 8,100	<b>5</b> = 20,250	<b>8</b> = 32,400
<b>3</b> = 12,150	<b>6</b> = 24,300	<b>9</b> = 36,450

**DEPENDENCY TESTS**

**Rules For All**

- \*Dependent TP
- \*Joint Return
- \*Citizenship

**For Qualifying Child**

- \* Younger than taxpayer
- \* Relationship
- \* Age (under 19 or student under 24) (exception if disabled)
- \* Residency (more than ½ year)
- \* Support (child cannot provide more than ½ of their own)
- \* Special test for QC of more than 1 person

**For Qualifying Relative**

- \* Not a Qualifying Child
- \* Member of your Household or Relationship
- \* Gross Income (under \$4,050)
- \* Support (person claiming dependent must provide more than half)

**YEAR 2017 TAX CREDITS**

CREDIT	QUALIFICATIONS	LINE & FORM #
<b>1. Foreign Tax</b>	If credit is \$300 (\$600 for MFJ) or less and income is only from passive investments no need to attach Form 1116	Line 48--1040
<b>2. Child &amp; Dependent Care</b>	Under age 13 or spouse in need of care Must identify care provider on form Paper file when lacking care provider's TIN	Form 2441 Line 49--1040
<b>3. American Opportunity</b>	1 <sup>st</sup> four years of post-secondary education Attend school at least half time Maximum credit is \$2,500 per student Information on 1098-T is needed	Form 8863 Line 50--1040 Pub 970
<b>* Refundable portion</b>	May apply in no or low tax situations	Line 68--1040
<b>4. Lifetime Learning</b>	Education not covered under Hope rules MFS filing status not eligible Maximum credit is \$2,000	Form 8863 Line 50--1040
<b>5. Retirement Savings Contribution</b>	Maximum credit \$1,000 (\$2,000 if MFJ) Reduced by withdraws in last 3 years	Form 8880 Line 51--1040
<b>6. Child Tax</b>	Dependent under age 17 at year's end Income limit – use worksheet Maximum credit for each qualifying child is \$1,000	Line 52--1040 Pub 972
<b>7. Miscellaneous Other</b>	Residential Energy Credit -- Form 5695 Elderly or Disabled – Sch R Check box "c" and fill-in form number	Line 53--1040 Line 54--1040
<b>8. Earned Income Tax</b>	Under age 19 or under age 24 for student or any age if totally disabled Can choose to count combat pay or not	Line 66a--1040 Sch EIC Line 66b--1040
<b>* EITC w/o child:</b>	Taxpayers ages 25 to 64 (MFS filing status not eligible for any EIC)	No Sch EIC Pub 596
<b>9. Additional Child Tax</b>	More than \$3,000 earned income – may get a refund for remainder of unclaimed Child Tax Credit	Sch 8812 Line 67--1040
<b>10. Repayment of First-Time Homebuyer</b>	2008 credit was like a \$7,500 interest free loan that TP began paying back in 2010 Repay 1/15 <sup>th</sup> of credit received or \$500 max TP must repay any remaining credit if home is sold or converted before end of 2023	Form 5405 Line 60b--1040
<b>11. Net Premium Tax (Health Insurance)</b>	Reconcile with any advance from Marketplace TP must provide Form 1095-A	Line 69--1040 Form 8962

**EARNED INCOME CREDIT LIMITS**

**Not eligible for credit if investment income is more than \$3,450 for 2017.** The maximum earned income amounts and phase-out amounts in 2017 are:

Children	Maximum Credit	Credit completely phased out
None	\$ 510	\$ 20,600 MFJ*
1	\$ 3,400	\$ 45,207 MFJ*
2	\$ 5,616	\$ 50,597 MFJ*
3+	\$ 6,318	\$ 53,930 MFJ*

\* \$ 5,590 less for all other qualifying filing statuses

**SOCIAL SECURITY BENEFITS**

**You must use the Social Security Benefits Worksheet from the 1040 instruction booklet to determine the taxability of Social Security (SSA-1099) or Tier 1 Railroad Retirement Benefits (RRB-1099) treated as Social Security!**

**Note:** If a taxpayer is Married Filing Separately and lived with a spouse for any part the year, 85% of Social Security benefits are subject to being taxed. Taxpayer filing separately and living apart from spouse for all of 2017, must enter "D" to the right of the word "benefits" on Line 20A – 1040.

**Form W-2, Common Box 12 Codes**

(See back of copy C of W-2 for full listing of codes)

- A. Uncollected Social Security tax on tips\*\*\*
- B. Uncollected Medicare tax on tips\*\*\*
- C. Group term life insurance over \$50,000
- D. Section 401(k) contributions (nontaxable amount)
- E. Section 403(b) contributions (tax-sheltered annuity plan) (nontaxable amount)
- J. Nontaxable sick pay (for information reporting only)
- L. Nontaxable part of employee business expense reimbursements
- M. Uncollected Social Security tax on group-term life insurance\*\*\*
- N. Uncollected Medicare tax on group-term life insurance\*\*\*
- Q. Nontaxable combat pay
- R. Employer contributions to Archer MSA (use Form 8853)
- W. Employer contributions to HSA (use Form 8889)
- AA. Designated 401(k) Roth contributions
- BB. Designated 403(b) Roth contributions
- DD. Cost of employer sponsored health coverage

**\*\*\*Add tax to Form 1040, Line 62, Show "UT" on code line**

**Form 1099-R Common Box 7 Codes**

- 1. Early distribution, 10% withdraw penalty generally applies  
Ask taxpayer: "What did they do with the money?"
- 2. Early distribution, exception applies, no 10% penalty
- 3. Disability:  
If from their employer then maybe able to count as wages if income is both a replacement for wages and taxpayer is under employer's minimum retirement age
- 4. Death
- 7. Normal distribution – taxable as ordinary income
- D. Annuity payments from nonqualified annuities
- G. Direct rollover to IRA or 401(k) – no Form 5329 to be filed
- J. Early distribution from Roth IRA – earnings may be taxed
- L. Loans treated as distributions
- T. Roth IRA distribution, exception applies
- Q. Qualified distribution from a Roth IRA

**Box 7 Example – Look at the Code**

Distribution Code(s)	IRA/SEP/SIMPLE**
#	√

\*\* If the IRA/SEP/SIMPLE box is checked, this is an IRA, SEP, or SIMPLE distribution – enter on Line 15a of Form 1040

**Pension & IRA Penalty Free Withdrawal Codes Form 5329**

- \* First time home buyer (code 09) IRA Only
- \* Higher education expense (code 08) IRA Only
- \* Medical expenses (code 05)
- \* Totally & Permanently Disabled (code 03)
- \* See Form 5329 Instructions for Additional Codes

**IRA contribution limit:** Total combined contribution limit for both the Traditional and Roth IRAs is \$5,500 for 2017. Taxpayers age 50 and above may contribute up to \$6,500 to their IRAs.

**Special Situations That Require Return Filing**

IN THE YEAR	ATTACH	TAXPAYER'S PROOF
Stock sold or transferred	Schedule D Form 8949	1099-B (form may show basis)
Real property, collectibles, or other capital assets sold	Schedule D Form 8949	1099-S* (Real Estate Sales) 1099-A* (Real Estate Foreclosures)
Net income from business of \$400 or more	Schedule C or C-EZ & Sch SE	Business records

\* Must report home sales on Form 8949 and Sch D if Form 1099-S or 1099-A is involved

\* Special rules apply for Sale of Your Main Home—may not need to be reported if taxpayer qualifies for the exclusion of gain up to \$250k (\$500k for MFJ)

**Basis of Stocks & Mutual Funds**

<b>Carnegie Library</b>	Call: (412) 281-7141 Fax: (412) 471-1724 E-mail: downtown@carnegielibrary.org
<b>Internet</b>	http://money.msn.com Enter: stock symbol Click on: Charts Enter: purchase date

**Updated on 10/24/2017**