

Income Tax 101

Focus on First Time Filers

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What to Expect

Throughout this session, you will:

Familiarize yourself with the U.S. tax system and key components of it

Recognize W-4s and when to file a new form

Identify how and when to file your taxes

Take Control of Tax Outcome



Profile of First Time Filer

- No longer a dependent of someone else
- Newly employed
- Change in marital status
- Have a new child/dependent to claim



U.S. Tax System

Each has authority to charge taxes:



Federal Taxes



State Taxes



Local Taxes



Income Tax



What is the IRS?



Pre-TCJA

**10%, 15%, 25, 28%,
33%, 35%, 39.6%**

• TCJA

**10%, 12%, 22%, 24%,
32%, 35%, 37%**

Marginal Tax Brackets



Marginal Tax Brackets



Zero Tax
(Standard
Deduction)



10%



12%



22%



24%

and so on to max of 37%

Standard Deductions

Filing Status	2019
Single or Married Filing Separate	\$12,200
Head of Household	\$18,350
Married Filing Jointly	\$24,400

How Withholding Works



What is a Form W-4?

Form W-4		Employee's Withholding Allowance Certificate		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		▶ Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. ▶ Give Form W-4 to your employer. ▶ Your withholding is subject to review by the IRS.		
				2020
Step 1: Enter Personal Information	1a First name and middle initial	Last name	1b Social security number	
	Home address (number and street)		▶ Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov .	
	City or town, state, and ZIP code			
	<input type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly			
	<input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)			
Complete Steps 2 through 4 if they apply to you; otherwise, skip to Step 5. See instructions on page 2.				
Step 2: Account for Multiple Jobs	Caution: The correct amount of withholding depends on income earned from all jobs in the household. If you: <ul style="list-style-type: none">• Hold more than one job at a time, or• Are married filing jointly and both you and your spouse work, account for this below or you may owe additional tax when filing your tax return. (If you and/or your spouse have income from self-employment, see page 2.)			
	2 Multiple jobs. Do only one of the following. <ul style="list-style-type: none">• Use the calculator at www.irs.gov/W4App for most accurate withholding; or• Use Worksheet 1 on page 3 and enter the result on line 4c below for roughly accurate withholding; or• If there are only two jobs in your household, you may check here. Do the same on Form W-4 for the other job. With this option, more tax than necessary may be withheld from your wages, but you generally won't have too little tax withheld.			
Complete lines 3 through 4b on Form W-4 for only one job in the household. (Your withholding will be most accurate if you do this on the Form W-4 for the highest paying job.)				
Step 3: Claim Dependents	3 Dependents. If your income will be \$200,000 or less (\$400,000 or less if married filing jointly) (see instructions): <ul style="list-style-type: none">• Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$• Multiply the number of other dependents by \$500 ▶ \$ Add the amounts above and enter the total here		3	\$
Step 4: Other Adjustments (optional)	4a Other income. If you want tax withheld for other income you expect this year that will not have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income. You should not include income from any jobs		4a	\$
	b Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use Worksheet 2 on page 3 and enter the result here		4b	\$
	c Enter any additional amount you want withheld each pay period		4c	\$
	d Exemption. You can claim exemption from withholding for 2020 if: <ul style="list-style-type: none">• For 2019, you had no federal income tax liability; and• For 2020, you expect to have no federal income tax liability. If you meet both of these conditions, certify by writing "Exempt" here		4d	
Step 5: Sign Here	Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.			
	Employee's signature (This form is not valid unless you sign it.)		Date	
Employers Only	5 Employer's name and address	6 First date of employment	7 Employer identification number (EIN)	

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 10220Q Form **W-4** (2020)

What's Your W-4 Goal?

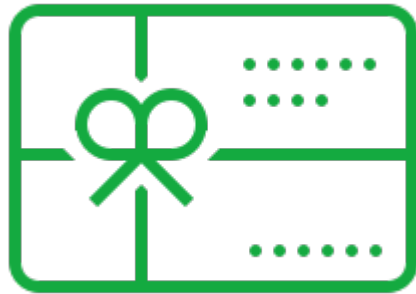
Life Events?

Check Your W-4.



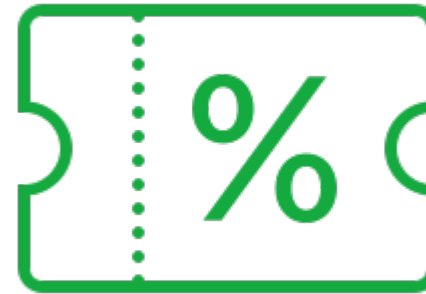
Credits and Deductions

Credits



Like a gift card

Deductions



Like a coupon

Do I Need to File?

- Income
- Age
- Student Status
- Marital Status
- Am I owed a refund?



Filing Status Categories



5

When to File



- Date to pay outstanding taxes due
- Extension doesn't delay payment deadline
- Extension deadline is Oct. 15

Electronic

- Authorized by IRS to e-file
- Processed faster
- Tax Professional or DIY online

- Paper
- Send certified mail, return receipt requested
- Postmarked by deadline
- Send to correct address; addresses vary by state

		a Employee's social security number		OMB No. 1545-0008			
b Employer identification number (EIN)				1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code				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	
d Control number				9		10 Dependent care benefits	
e Employee's first name and initial Last name Suff.				11 Nonqualified plans		12a See instructions for box 12	
				13 Statutory employee Retirement plan Third-party sick pay		12b	
				<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
				14 Other		12c	
f Employee's address and ZIP code						12d	
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.	
19 Local income tax		20 Locality name					

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

<input type="checkbox"/> CORRECTED (if checked)		1 PAYER's name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$ _____ 2 Royalties \$ _____ 3 Other income \$ _____	OMB No. 1545-0115 2019 Form 1099-MISC	Miscellaneous Income Copy B For Recipient
PAYER'S TIN _____		RECIPIENT'S TIN _____		4 Federal income tax withheld \$ _____		
RECIPIENT'S name _____ Street address (including apt. no.) _____ City or town, state or province, country, and ZIP or foreign postal code _____		5 Fishing boat proceeds \$ _____ 7 Nonemployee compensation \$ _____ 9 Player made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/> _____ 11 _____		6 Medical and health care payments \$ _____ 8 Substitute payments in lieu of dividends or interest \$ _____ 10 Crop insurance proceeds \$ _____ 12 _____		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.
Account number (see instructions) _____		FATCA filing requirement <input type="checkbox"/>		13 Excess golden parachute payments \$ _____ 14 Gross proceeds paid to an attorney \$ _____		
15a Section 409A deferrals \$ _____		15b Section 409A income \$ _____		16 State tax withheld \$ _____ 17 State/Payer's state no. \$ _____		18 State income \$ _____

Education

- Credits
 - American Opportunity Credit
 - Lifetime Learning Credit
- Deductions
 - Tuition and Fees
 - Student Loan Interest

Education

- Expenses
 - How did you pay?
 - Student Loans
 - Out of Pocket
 - 529Plans
 - Can I use to repay student loans?
 - Scholarships
 - Are they taxable?

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Questions?