

Practice Scenario #2

Use the information provided in the scenario to prepare a tax return. After you complete the return, answer the Knowledge Check question and review the “Lessons Learned” section for some valuable insight about tax preparation, products, and promotions related to the scenario.

ProFiler® Navigation: As you practice, apply the information in the [ProFiler Quick Reference Guide](#) (available on AskJH) to save time by using shortcut keys, best practices, tips.

Scanning Documents/ID: When preparing ‘live’ returns, you will be scanning documentation and client IDs. You must see and scan an ID for the taxpayer (and their spouse if filing jointly). Consult your supervisor for guidance about using scanning equipment locally and whether they want you to use the scanner during practice.

Disclaimer: This scenario is a mock interpretation of a client interview. It does not provide answers to every question in ProFiler. Therefore, where specific information is not provided, continue by answering logically. However, when preparing ‘live’ returns, never make assumptions and never answer questions for clients.

Never use any of the scenario information when preparing ‘live’ returns. For example, if the client does not provide an e-mail address, do not create one using @nomail.com. Only use valid e-mail addresses when preparing ‘live’ returns.

PERSONAL INFORMATION & POTENTIAL DEPENDENTS

Primary Name (as shown on SS Card): Ted Lyle				Spouse Name (as shown on SS Card):							
Last 4 of SSN: XXX-XX-4002		Date of Birth (MM/DD/YYYY): 04/12/1993		Last 4 of SSN: XXX-XX-		Date of Birth (MM/DD/YYYY):					
Drivers License #		State	Issue Date	Expire Date	Drivers License #		State	Issue Date	Expire Date		
Email Address: tedlyle@nomail.com					Email Address:						
Occupation: Active Duty Navy, Cashier, Walmart Associate					Occupation:						
Are you a dependent of another taxpayer?: No					Are you a dependent of another taxpayer?:						
Address: 512 Sheridan Drive				City: Your City		State: Your State		Zip Code: Your ZIP Code			
Marital Status: Single		If married, live together (Yes/No)?		State of Residence: Your State		Phone (Day): 804-000-2323 (Cell)		Phone (Evening): 804-000-1278 (Home)			
Dependent Name (First, M.I., Last) as shown on SS Card		Date of Birth MM/DD/YYYY		Social Security Number		Relationship Son=S Daughter=D Grandchild=G Other=O (Specify) None=N Foster Child=F		If S, D, G or F - Where do parents live?		Months lived in your home	Can anyone else claim this child for Earned Income Tax Credit (EITC)?
1. Guillermo H. Lyle		3/14/2011		401-00-4002		S		With child	12	No	
2. Savanna L. Lyle		3/3/2012		402-00-4002		D		With child	12	No	

Ted Lyle (400-00-4002) has never been married. He has a state-issued picture ID (#765009950, issue date 12-10-2018, expires 04-30-2026).

Ted chooses to receive reduced Front Office Printing (FOP). Therefore, answer YES for the ProFiler question in the “Personal Information” section that asks about reducing the amount of paperwork that prints and accessing documents electronically through MyJH. If applicable, answer YES for the ProFiler question in the “Products, Services and Fees” section that asks about reduced paperwork and continuing with the printing of the front office paperwork.

Ted’s children, Guillermo and Savanna, lived with him all year. Savanna moved in August of the prior tax year after living with her mother. Ted provided more than half of Guillermo’s and Savanna’s support, and paid all the costs of keeping up their home. He brought along the children’s school records for documentation. You scan and save these documents for your records. You also explain to Ted that he must be able to provide, upon IRS request, any documentation he has to support his filing status and claiming credits related to his children.

When you ask, Ted tells you the children’s mother, Isabella Solis (07-12-1991, 410-00-4002), lives in another city, but she visited them frequently during the year. She and Ted never married. Isabella travels a lot for her job, so she and Ted thought it was best for the children to live with him.

Ted paid Kid Kare Center (EIN 00-0400277) to take care of the children at its center located at 4651 Marketplace Boulevard, Your City, YS, ZIP Code, while he worked. Ted paid a total of \$7,750 for both children’s care (\$4,000 for Guillermo and \$3,750 for Savanna). Ted’s mother moved into his home and took over caring for his children free of charge while he was away serving his country. No one else besides the children lived in Ted’s home during the year.

INCOME

Ted joined the Navy during the tax year. He is still on active duty and was deployed to a combat zone on December 1 of the tax year. Prior to joining the military, he worked part-time for Sal’s Pizza as a cashier. Ted has worked for Walmart for several years, most recently as an evening stock person. They held his job for him until he returned from his deployment. His W-2s are shown.

Isabella sent Ted child support payments of \$600 per month the entire year.

OTHER

Ted has never withdrawn any money from his retirement plan and has no plans to make a withdrawal before he retires.

Ted wants to claim the highest credit amounts he qualifies to claim. He has received refundable credits in previous years and has never received any correspondence from the IRS about any issues.

Ted does *not* authorize anyone to discuss his return with the IRS. He is *not* interested in attending Jackson Hewitt classes.

Ted brought in last year’s return (shown).

Prepare Ted’s tax return.

Prior-Year Tax Return

Form **1040** Department of the Treasury—Internal Revenue Service **2022** U.S. Individual Income Tax Return 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 TED	Last name LYLE	Your social security number 400-00-4002
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. **512 SHERIDAN DRIVE** Apt. no.
 City, town, or post office. If you have a foreign address, also complete spaces below. **YOUR CITY** State **VA** ZIP code **23464**
 Foreign country name Foreign province/state/county Foreign postal code
Presidential Election Campaign
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
 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
GUILLERMO H	LYLE	401-00-4002	SON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

Income	1a	1b	1c	1d	1e	1f	1g	1h	1i	1z
1a Total amount from Form(s) W-2, box 1 (see instructions)	24,844									
b Household employee wages not reported on Form(s) W-2										
c Tip income not reported on line 1a (see instructions)										
d Medicaid waiver payments not reported on Form(s) W-2 (see instructions)										
e Taxable dependent care benefits from Form 2441, line 26										
f Employer-provided adoption benefits from Form 8839, line 29										
g Wages from Form 8919, line 6										
h Other earned income (see instructions)										
i Nontaxable combat pay election (see instructions)										
z Add lines 1a through 1h	24,844									
2a Tax-exempt interest										
3a Qualified dividends										
4a IRA distributions										
5a Pensions and annuities										
6a Social security benefits										
b Taxable interest										
b Ordinary dividends										
b Taxable amount										
b Taxable amount										
b Taxable amount										
c If you elect to use the lump-sum election method, check here (see instructions)										
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 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	24,844									
10 Adjustments to income from Schedule 1, line 26	NONE									
11 Subtract line 10 from line 9. This is your adjusted gross income	24,844									
12 Standard deduction or itemized deductions (from Schedule A)	19,400									
13 Qualified business income deduction from Form 8995 or Form 8995-A										
14 Add lines 12 and 13	19,400									
15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income	5,444									

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2022)

Tax and Credits	16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/> _____	16	543
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	543
	19	Child tax credit or credit for other dependents from Schedule 8812	19	
	20	Amount from Schedule 3, line 8	20	543
	21	Add lines 19 and 20	21	543
	22	Subtract line 21 from line 18. If zero or less, enter -0-	22	0
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	
	24	Add lines 22 and 23. This is your total tax	24	NONE
Payments	25	Federal income tax withheld from:		
	a	Form(s) W-2	25a	1,053
	b	Form(s) 1099	25b	
	c	Other forms (see instructions)	25c	
	d	Add lines 25a through 25c	25d	1,053
	26	2022 estimated tax payments and amount applied from 2021 return	26	
	27	Earned income credit (EIC)	27	2,983
	28	Additional child tax credit from Schedule 8812	28	1,500
	29	American opportunity credit from Form 8863, line 8	29	
	30	Reserved for future use	30	
	31	Amount from Schedule 3, line 15	31	NONE
	32	Add lines 27, 28, 29, and 31. These are your total other payments and refundable credits	32	4,483
	33	Add lines 25d, 26, and 32. These are your total payments	33	5,536
Refund	34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	5,536
	35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	5,536
Direct deposit? See instructions.	b	Routing number _____	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	d	Account number _____		
	36	Amount of line 34 you want applied to your 2023 estimated tax	36	
Amount You Owe	37	Subtract line 33 from line 24. This is the amount you owe . For details on how to pay, go to www.irs.gov/Payments or see instructions	37	
	38	Estimated tax penalty (see instructions)	38	NONE

If you have a qualifying child, attach Sch. EIC.

**SCHEDULE 3
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Additional Credits and Payments

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2022
Attachment
Sequence No. **03**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR
TED LYLE

Your social security number
400-00-4002

Part I Nonrefundable Credits

1	Foreign tax credit. Attach Form 1116 if required	1	
2	Credit for child and dependent care expenses from Form 2441, line 11. Attach Form 2441	2	543
3	Education credits from Form 8863, line 19	3	
4	Retirement savings contributions credit. Attach Form 8880	4	
5	Residential energy credits. Attach Form 5695	5	
6	Other nonrefundable credits:		
a	General business credit. Attach Form 3800	6a	
b	Credit for prior year minimum tax. Attach Form 8801	6b	
c	Adoption credit. Attach Form 8839	6c	
d	Credit for the elderly or disabled. Attach Schedule R	6d	
e	Alternative motor vehicle credit. Attach Form 8910	6e	
f	Qualified plug-in motor vehicle credit. Attach Form 8936	6f	
g	Mortgage interest credit. Attach Form 8396	6g	
h	District of Columbia first-time homebuyer credit. Attach Form 8859	6h	
i	Qualified electric vehicle credit. Attach Form 8834	6i	
j	Alternative fuel vehicle refueling property credit. Attach Form 8911	6j	
k	Credit to holders of tax credit bonds. Attach Form 8912	6k	
l	Amount on Form 8978, line 14. See instructions	6l	
z	Other nonrefundable credits. List type and amount: _____	6z	
7	Total other nonrefundable credits. Add lines 6a through 6z	7	
8	Add lines 1 through 5 and 7. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 20	8	543

(continued on page 2)

For Paperwork Reduction Act Notice, see your tax return instructions.
MXA 9/21/22

Cat. No. 71480G

Schedule 3 (Form 1040) 2022

Child and Dependent Care Expenses

Attach to Form 1040, 1040-SR, or 1040-NR.
 Go to www.irs.gov/Form2441 for instructions and the latest information.

OMB No. 1545-0074

2022

Attachment
 Sequence No. 21

Name(s) shown on return: **TED LYLE** Your social security number: **400-00-4002**

A You can't claim a credit for child and dependent care expenses if your filing status is married filing separately unless you meet the requirements listed in the instructions under *Married Persons Filing Separately*. If you meet these requirements, check this box

B If you or your spouse was a student or was disabled during 2022 and you're entering deemed income of \$250 or \$500 a month on Form 2441 based on the income rules listed in the instructions under *If You or Your Spouse Was a Student or Disabled*, check this box

Part I **Persons or Organizations Who Provided the Care—You must complete this part.**
 If you have more than three care providers, see the instructions and check this box

1 (a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Was the care provider your household employee in 2022? For example, this generally includes nannies but not daycare centers. (see instructions)	(e) Amount paid (see instructions)
KID KARE CENTER	4651 MARKETPLACE BLVD YOUR CITY, VA 23464	00-0400277	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	3,800
			<input type="checkbox"/> Yes <input type="checkbox"/> No	
			<input type="checkbox"/> Yes <input type="checkbox"/> No	

Did you receive dependent care benefits? No Yes

No Complete only Part II below.
 Yes Complete Part III on page 2 next.

Caution: If the care provider is your household employee, you may owe employment taxes. For details, see the Instructions for Schedule H (Form 1040). If you incurred care expenses in 2022 but didn't pay them until 2023, or if you prepaid in 2022 for care to be provided in 2023, don't include these expenses in column (d) of line 2 for 2022. See the instructions.

Part II **Credit for Child and Dependent Care Expenses**

2 Information about your **qualifying person(s)**. If you have more than three qualifying persons, see the instructions and check this box

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Check here if the qualifying person was over age 12 and was disabled. (see instructions)	(d) Qualified expenses you incurred and paid in 2022 for the person listed in column (a)
First	Last			
GUILLERMO	LYLE	401-00-4002	<input type="checkbox"/>	3,800
			<input type="checkbox"/>	
			<input type="checkbox"/>	

3 Add the amounts in column (d) of line 2. **Don't** enter more than \$3,000 if you had one qualifying person or \$6,000 if you had two or more persons. If you completed Part III, enter the amount from line 31

4 Enter your **earned income**. See instructions

5 If married filing jointly, enter your spouse's earned income (if you or your spouse was a student or was disabled, see the instructions); **all others**, enter the amount from line 4

6 Enter the **smallest** of line 3, 4, or 5

7 Enter the amount from Form 1040, 1040-SR, or 1040-NR, line 11 7 | 24,844

8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7.

If line 7 is:			If line 7 is:			If line 7 is:				
Over	But not over	Decimal amount is	Over	But not over	Decimal amount is	Over	But not over	Decimal amount is		
\$0—15,000		.35	\$25,000—27,000		.29	\$37,000—39,000		.23	8	X .30
15,000—17,000		.34	27,000—29,000		.28	39,000—41,000		.22		
17,000—19,000		.33	29,000—31,000		.27	41,000—43,000		.21		
19,000—21,000		.32	31,000—33,000		.26	43,000—No limit		.20		
21,000—23,000		.31	33,000—35,000		.25					
23,000—25,000		.30	35,000—37,000		.24					

9a Multiply line 6 by the decimal amount on line 8 9a | 900

b If you paid 2021 expenses in 2022, complete Worksheet A in the instructions. Enter the amount from line 13 of the worksheet here. Otherwise, enter -0- on line 9b and go to line 9c 9b

c Add lines 9a and 9b and enter the result 9c | 900

10 Tax liability limit. Enter the amount from the Credit Limit Worksheet in the instructions 10 | 543

11 **Credit for child and dependent care expenses.** Enter the **smaller** of line 9c or line 10 here and on Schedule 3 (Form 1040), line 2 11 | 543

**SCHEDULE EIC
(Form 1040)**

Department of the Treasury
Internal Revenue Service

**Earned Income Credit
Qualifying Child Information**

Complete and attach to Form 1040 or 1040-SR only if you have a qualifying child.
Go to www.irs.gov/ScheduleEIC for the latest information.

OMB No. 1545-0074

2022

Attachment
Sequence No. **43**

Name(s) shown on return

TED LYLE

Your social security number

400-00-4002

If you are separated from your spouse, filing a separate return and meet the requirements to claim the EIC (see instructions), check here

- Before you begin:**
- See the instructions for Form 1040, line 27 to make sure that (a) you can take the EIC, and (b) you have a qualifying child.
 - Be sure the child's name on line 1 and social security number (SSN) on line 2 agree with the child's social security card. Otherwise, at the time we process your return, we may reduce your EIC. If the name or SSN on the child's social security card is not correct, call the Social Security Administration at 1-800-772-1213.
 - If you have a child who meets the conditions to be your qualifying child for purposes of claiming the EIC, but that child doesn't have an SSN as defined in the instructions for Form 1040, line 27, see the instructions.



- You can't claim the EIC for a child who didn't live with you for more than half of the year.
- If your child doesn't have an SSN as defined in the instructions for Form 1040, line 27, see the instructions.
- If you take the EIC even though you are not eligible, you may not be allowed to take the credit for up to 10 years. See the instructions for details.
- It will take us longer to process your return and issue your refund if you do not fill in all lines that apply for each qualifying child.

Qualifying Child Information	Child 1	Child 2	Child 3
1 Child's name If you have more than three qualifying children, you have to list only three to get the maximum credit.	First name Last name GUILLERMO H LYLE	First name Last name	First name Last name
2 Child's SSN The child must have an SSN as defined in the instructions for Form 1040, line 27, unless the child was born and died in 2022 or you are claiming the self-only EIC; see see instructions. If your child was born and died in 2022 and did not have an SSN, enter "Died" on this line and attach a copy of the child's birth certificate, death certificate, or hospital medical records showing a live birth.	401-00-4002		
3 Child's year of birth	Year <u>2010</u> <i>If born after 2003 and the child is younger than you (or your spouse, if filing jointly), skip lines 4a and 4b; go to line 5.</i>	Year _____ <i>If born after 2003 and the child is younger than you (or your spouse, if filing jointly), skip lines 4a and 4b; go to line 5.</i>	Year _____ <i>If born after 2003 and the child is younger than you (or your spouse, if filing jointly), skip lines 4a and 4b; go to line 5.</i>
4 a Was the child under age 24 at the end of 2022, a student, and younger than you (or your spouse, if filing jointly)?	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Go to line 5. Go to line 4b.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Go to line 5. Go to line 4b.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Go to line 5. Go to line 4b.</i>
b Was the child permanently and totally disabled during any part of 2022?	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Go to line 5. The child is not a qualifying child.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Go to line 5. The child is not a qualifying child.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Go to line 5. The child is not a qualifying child.</i>
5 Child's relationship to you (for example, son, daughter, grandchild, niece, nephew, eligible foster child, etc.)	SON		
6 Number of months child lived with you in the United States during 2022 • If the child lived with you for more than half of 2022 but less than 7 months, enter "7." • If the child was born or died in 2022 and your home was the child's home for more than half the time he or she was alive during 2022, enter "12."	<u>12</u> months <i>Do not enter more than 12 months.</i>	_____ months <i>Do not enter more than 12 months.</i>	_____ months <i>Do not enter more than 12 months.</i>

For Paperwork Reduction Act Notice, see your tax return instructions.

MXA 8/4/22 Cat. No. 13339M

Schedule EIC (Form 1040) 2022

**SCHEDULE 8812
(Form 1040)**

Department of the Treasury
Internal Revenue Service

**Credits for Qualifying Children
and Other Dependents**

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to www.irs.gov/Schedule8812 for instructions and the latest information.

OMB No. 1545-0074

2022

Attachment
Sequence No. **47**

Name(s) shown on return

TED LYLE

Your social security number

400-00-4002

Part I Child Tax Credit and Credit for Other Dependents

1	Enter the amount from line 11 of your Form 1040, 1040-SR, or 1040-NR	1	24,844
2a	Enter income from Puerto Rico that you excluded	2a	
b	Enter the amounts from lines 45 and 50 of your Form 2555	2b	
c	Enter the amount from line 15 of your Form 4563	2c	
d	Add lines 2a through 2c	2d	
3	Add lines 1 and 2d	3	24,844
4	Number of qualifying children under age 17 with the required social security number	4	1
5	Multiply line 4 by \$2,000	5	2,000
6	Number of other dependents, including any qualifying children who are not under age 17 or who do not have the required social security number Caution: Do not include yourself, your spouse, or anyone who is not a U.S. citizen, U.S. national, or U.S. resident alien. Also, do not include anyone you included on line 4.	6	
7	Multiply line 6 by \$500	7	
8	Add lines 5 and 7	8	2,000
9	Enter the amount shown below for your filing status. • Married filing jointly—\$400,000 } • All other filing statuses—\$200,000 }	9	200,000
10	Subtract line 9 from line 3. • If zero or less, enter -0-. • If more than zero and not a multiple of \$1,000, enter the next multiple of \$1,000. For example, if the result is \$425, enter \$1,000; if the result is \$1,025, enter \$2,000, etc. }	10	0
11	Multiply line 10 by 5% (0.05)	11	0
12	Is the amount on line 8 more than the amount on line 11? <input type="checkbox"/> No. STOP. You cannot take the child tax credit, credit for other dependents, or additional child tax credit. Skip Parts II-A and II-B. Enter -0- on lines 14 and 27. <input checked="" type="checkbox"/> Yes. Subtract line 11 from line 8. Enter the result.	12	2,000
13	Enter the amount from the Credit Limit Worksheet A	13	
14	Enter the smaller of line 12 or 13. This is your child tax credit and credit for other dependents. Enter this amount on Form 1040, 1040-SR, or 1040-NR, line 19.	14	

If the amount on line 12 is more than the amount on line 14, you may be able to take the **additional child tax credit** on Form 1040, 1040-SR, or 1040-NR, line 28. Complete your Form 1040, 1040-SR, or 1040-NR through line 27 (also complete Schedule 3, line 11) before completing Part II-A.

For Paperwork Reduction Act Notice, see your tax return instructions.

MXA

Cat. No. 59761M

8/15/22

Schedule 8812 (Form 1040) 2022

Part II-A Additional Child Tax Credit for All Filers

Caution: If you file Form 2555, you cannot claim the additional child tax credit.

15	Check this box if you do not want to claim the additional child tax credit. Skip Parts II-A and II-B. Enter -0- on line 27	<input type="checkbox"/>	
16a	Subtract line 14 from line 12. If zero, stop here ; you cannot take the additional child tax credit. Skip Parts II-A and II-B. Enter -0- on line 27	16a	2,000
b	Number of qualifying children under 17 with the required social security number: <u>1</u> x \$1,500. Enter the result. If zero, stop here ; you cannot claim the additional child tax credit. Skip Parts II-A and II-B. Enter -0- on line 27	16b	1,500
	TIP: The number of children you use for this line is the same as the number of children you used for line 4.		
17	Enter the smaller of line 16a or line 16b	17	1,500
18a	Earned income (see instructions)	18a	24,844
b	Nontaxable combat pay (see instructions)	18b	
19	Is the amount on line 18a more than \$2,500? <input type="checkbox"/> No. Leave line 19 blank and enter -0- on line 20. <input checked="" type="checkbox"/> Yes. Subtract \$2,500 from the amount on line 18a. Enter the result	19	22,344
20	Multiply the amount on line 19 by 15% (0.15) and enter the result Next. On line 16b, is the amount \$4,500 or more? <input checked="" type="checkbox"/> No. If you are a bona fide resident of Puerto Rico, go to line 21. Otherwise, skip Part II-B and enter the smaller of line 17 or line 20 on line 27. <input type="checkbox"/> Yes. If line 20 is equal to or more than line 17, skip Part II-B and enter the amount from line 17 on line 27. Otherwise, go to line 21.	20	3,352

Part II-B Certain Filers Who Have Three or More Qualifying Children and Bona Fide Residents of Puerto Rico

21	Withheld social security, Medicare, and Additional Medicare taxes from Form(s) W-2, boxes 4 and 6. If married filing jointly, include your spouse's amounts with yours. If your employer withheld or you paid Additional Medicare Tax or tier 1 RRTA taxes, see instructions	21	
22	Enter the total of the amounts from Schedule 1 (Form 1040), line 15; Schedule 2 (Form 1040), line 5; Schedule 2 (Form 1040), line 6; and Schedule 2 (Form 1040), line 13	22	
23	Add lines 21 and 22	23	
24	1040 and 1040-SR filers: Enter the total of the amounts from Form 1040 or 1040-SR, line 27, and Schedule 3 (Form 1040), line 11. 1040-NR filers: Enter the amount from Schedule 3 (Form 1040), line 11. }	24	
25	Subtract line 24 from line 23. If zero or less, enter -0-	25	0
26	Enter the larger of line 20 or line 25 Next, enter the smaller of line 17 or line 26 on line 27.	26	

Part II-C Additional Child Tax Credit

27	This is your additional child tax credit. Enter this amount on Form 1040, 1040-SR, or 1040-NR, line 28	27	1,500
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Form
W-2
Wage
and
Tax
Statement

Department
of the
Treasury -
Internal
Revenue
Service

a Employee's social security number 400-00-4002		OMB No. 1545-0008					
b Employer identification number 00-0400301		d Control number		1 Wages, tips, other compensation 3187.80	2 Federal income tax withheld 45.02		
c Employer's name, address, and ZIP code DEFENSE FINANCE AND ACCOUNTING SERVICE DEPARTMENT OF THE NAVY CLEVELAND OH 44103				3 Social security wages 5071.50		4 Social security withheld 314.43	
				5 Medicare wages and tips 5071.50		6 Medicare tax withheld 73.54	
				7 Social security tips		8 Allocated tips	
e Employee's name, address, and ZIP code TED LYLE 512 SHERIDAN DRIVE YOUR CITY YS ZIP CODE				9		10 Dependent care benefits	
				12 See instructions for box 12 D 434.70		14 See instructions for box 14 COMBAT ZONE	
				Q 1449.00			
				DD 320.00			
13 <input type="checkbox"/> Statutory employee <input checked="" type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay							
15 State YS	Employer's state ID number 9990	16 State wages, tips, etc. 3187.80	17 State income tax 36.47	18 Local wages, tips, etc. 3187.80	19 Local income tax 31.88	20 Locality name YLC	

Copy B
To Be
Filed With
Employee's
Federal
Income
Tax Return

a Employee's SSN 400-00-4002		b Employer identification number (EIN) 00-0400300			OMB No. 1545-0008				
c Employer's name, address, and ZIP code SALS PIZZA 8100 PHOENIX AVENUE YOUR CITY YS ZIP CODE				1 Wages, tips, other compn 7584.97		2 Fed inc tax withheld 189.62		3 Social security wages 7584.97	
				4 SS tax withheld 470.27		5 Medicare wages & tips 7584.97		6 Medicare tax withheld 109.98	
				7 Social security tips		8 Allocated tips			
d Control number				10 Dependent care benefits		11 Nonqualified plans		12a	
e Employee's name, address, and ZIP code TED LYLE 512 SHERIDAN DRIVE YOUR CITY YS ZIP CODE				13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		14 Other		12b	
								12c	
								12d	
15 State YS	Employer's state ID number 40031	16 State wages, tips, etc. 7584.97	17 State income tax 151.70	18 Local wages, tips, etc. 7584.97	19 Local income tax 75.85	20 Locality name YLC			

Department of the Treasury -- IRS

JH-TELG 5/26/09

b Employer identification number (EIN) 71-0794409		12a See instructions for box 12		1 Wages, tips, other compensation 17259.38		2 Federal income tax withheld 862.97			
c Employer's name, address, and ZIP code WALMART 123 GROVE STREET OAKDALE PA 15071				Code D \$ 350.09		3 Social security wages 17609.47		4 Social security tax withheld 1091.79	
				Code DD \$ 2105.64		5 Medicare wages and tips 17609.47		6 Medicare tax withheld 255.34	
				Code \$		7 Social security tips		8 Allocated tips	
				Code \$					
e Employee's first name and initial TED LYLE 512 SHERIDAN DRIVE YOUR CITY YS ZIP CODE				12e Code \$		9		10 Dependent care benefits	
f Employer's address and ZIP code YOUR CITY YS ZIP CODE				11 Nonqualified plans		13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>		14 Other	
				14 Other					
a Employee's social security number 400-00-4002									
15 State YS	Employer's state ID number 4003	16 State wages, tips, etc. 17259.38	17 State income tax 517.78	18 Local wages, tips, etc.	19 Local income tax	20 Locality name			

Form W-2 Wage and Tax Statement

Department of the Treasury--Internal Revenue Service

OMB No. 1545-0008

Copy B To Be Filed With Employee's FEDERAL Tax Return

CONSENT QUESTIONS

The client must provide consents. You collect this information verbally during the interview, and they complete and sign paperwork that documents their decisions.

After explaining the purpose of the consents, Ted chooses the following:

- ◆ Consent to **contact** him to provide marketing information about refund status, appointments, and products and services. **YES**
- ◆ Consent to **use** his tax information to discuss product and service options. **YES**
- ◆ Consent to **disclose** his tax information to the providers of products and services. **YES**
- ◆ Consent to **share** his tax information with, and receive communications from, an affiliate (Jackson Hewitt Marketing Services), third-party lenders, and other companies about additional products, services, and offers. **YES**

PRODUCT CHOICES

After using the Desk Mat and Flipbook to educate your clients about their choices and promoting key benefits, select the options they choose.

Ted chooses the following:

Filing Option:	<input type="checkbox"/> IRS Direct	<input checked="" type="checkbox"/> Assisted Refund (AR)	
Tax Refund Disbursement Option:	<input type="checkbox"/> New Serve Card	<input type="checkbox"/> AR Bank-Issued Check (AR Only)	
	<input type="checkbox"/> Existing Serve Card	<input type="checkbox"/> IRS Check in the mail (IRS Direct Only)	
	<input checked="" type="checkbox"/> Direct Deposit		
Refund Advance Loan by Republic Bank:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Refund Advance Loan Disbursement Option:	<input type="checkbox"/> New Serve Card	<input checked="" type="checkbox"/> Direct Deposit	
	<input type="checkbox"/> Existing Serve Card		
Worry-Free Guarantee:	<input type="checkbox"/> WFG – Tax Protection	<input type="checkbox"/> WFG – ID Protection	<input checked="" type="checkbox"/> WFG – Bundle
			<input type="checkbox"/> Decline to purchase
Balance Due Options:	<input type="checkbox"/> Check (1040-V/Mail)	<input type="checkbox"/> Direct Debit	<input type="checkbox"/> Installments
			<input type="checkbox"/> Credit

Ted wants to have the proceeds of his AR and Refund Advance disbursed as a Direct Deposit to his checking account at Wintree Bank (RTN 120139013, account number 00018329-544, which he looked up online). He consents to disclose his tax information to the provider and wants to receive notification via text messages to his cell phone.

PROMOTION CHOICES

Provided your client is eligible, select the promotion they choose.

Ted chooses the following:

- ◆ Walmart Associate Promotion - 33% off tax prep

ELECTRONIC FILING

Ted would like to use PIN 10892 to sign his return electronically. He says it's okay for you to enter it for him.

Ted tells you his daytime phone number is the best number to reach him.

Knowledge Check

How much is Ted Lyle's refund?

\$863

\$1,098

\$7,501

\$9,540

Lessons Learned

This section describes the lessons you should have learned from this exercise.

Military Taxpayer

Because Ted is active duty military, be sure to select the corresponding check box in the “Taxpayer Special Situations” section of the ProFiler® “Personal Information” section.

TED LYLE

Preparer - There are many situations in life that lead to special requirements on a tax return. Please choose all that applied to the taxpayer in 2022:

<p>Special Situations</p> <p><input type="checkbox"/> SSN not valid for work</p> <p><input type="checkbox"/> Legally blind</p> <p><input type="checkbox"/> Died</p> <p><input type="checkbox"/> Retired on permanent and total disability Learn More</p> <p><input type="checkbox"/> Can be claimed as a dependent by a relative or guardian</p> <p><input checked="" type="checkbox"/> Active duty member of the Armed Forces</p>	<p>Education</p> <p><input type="checkbox"/> Full-time student for parts of five months or more</p> <p><input type="checkbox"/> Paid money to attend college, university, or trade school Learn More</p> <p>Other</p> <p><input type="checkbox"/> Lived or worked in a federally declared disaster area Learn More</p> <p><input type="checkbox"/> Designate \$3 to the Presidential Election Campaign fund</p> <p><input type="checkbox"/> Received Identity Protection PIN (IPPIN) from IRS Learn More</p>
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When you do, ProFiler does not ask for the taxpayer’s occupation and automatically uses MILITARY as the occupation.

Also, in the “Personal Information” section, ProFiler asks about deployment to a combat zone or contingency operation. When you answer **YES**, ProFiler asks which combat zone (in Ted’s case, shown in Box 14 of his W-2) and the date of deployment. ProFiler uses this information to print the appropriate combat zone information at the top of Form 1040, Page 1.

TED LYLE

Q: Which Combat Zone?

1) Desert Storm	11) Combat Zone
2) Enduring Freedom	12) None
4) Haiti	13) Iraqi Freedom
5) Joint Forge	17) Sinai Peninsula
6) Joint Guard	
7) Northern Forge	
8) Northern Watch	

A: Pending

A: 11 Combat Zone	
5 Joint Forge	
6 Joint Guard	
7 Northern Forge	
8 Northern Watch	
11 Combat Zone	765009950
12 NONE	VA Virginia
13 Iraqi Freedom	12/10/2018

Q: Enter the date of deployment to the combat zone.

A:

Pending

Filing Status

ProFiler selects Head of Household (HOH) as the filing status when you identify that the taxpayer is *not* married or is considered unmarried and provided more than half the cost of keeping up a home for themselves and a qualifying individual(s). ProFiler identifies the qualifying individual(s) for HOH from the answers to questions in the “Dependents/Nondependents” section.

Due diligence requires you to make further inquiries when the income a taxpayer reports does not seem to support a claim of having provided more than half the cost of keeping up their home for the HOH filing status. In Ted’s case, he is in the Military and is likely receiving allowances to supplement his income.

Dependents, Child and Dependent Care Credit, Child Tax Credit, and Earned Income Tax Credit

You should have entered Guillermo and Savanna as children who lived with Ted for more than six months. ProFiler identifies the children as Ted’s qualifying children for claiming them as dependents, the Child Tax Credit (CTC), and the Earned Income Tax Credit (EITC). This is based on answers to your questions about their relationships, ages, how long they lived together during the year, and whether they provided more than half of their own support. You must ask the taxpayer these questions and faithfully record the answers. Never assume you know the answers without asking.

Guillermo and Savanna are also Ted’s qualifying individuals for the Child and Dependent Care Credit (CDCC).

Ted is not claiming the nonrefundable CTC because his tax minus his CDCC is zero. His earned income is greater than \$2,500, so he is eligible to claim the refundable Additional Child Tax Credit (ACTC).

Due Diligence

Specific due diligence requirements apply to the HOH filing status, EITC, CTC, Additional Child Tax Credit (ACTC), Credit for Other Dependents (ODC), and American Opportunity Tax Credit (AOTC). ProFiler includes a separate “Due Diligence” section to capture all of the requirements; e.g., questions related to Form 8867, *Paid Preparer’s Due Diligence Checklist*. If you, as the paid preparer, do not meet the due diligence requirements, the client *cannot* claim the associated benefits.

In this scenario, you should do the following to help satisfy your due diligence requirements:

- ◆ Scan and save the children’s school records, and keep them with the office tax return files.

Note: This scenario mentions due diligence documents that are not provided for you to scan. For ‘live’ returns, you must practice proper due diligence when assessing what documents you need from the client to ensure due diligence and adequate record retention. On the ProFiler “Due Diligence Documentation” pop-up screen, mark check boxes only for documents you actually viewed and relied upon for due diligence. Then be sure to scan and save these documents.

Due Diligence Documentation

Select documents provided by the taxpayer that you **RELIED** on to determine the amount of or eligibility for the benefit(s).

CAUTION: You MUST scan or keep a copy of EACH document you select.

Residency and Disability Documents

- | | |
|--|---|
| <input type="checkbox"/> School records or statement | <input type="checkbox"/> Place of worship statement |
| <input type="checkbox"/> Landlord or property management statement | <input type="checkbox"/> Indian tribal official statement |
| <input type="checkbox"/> Health care provider statement | <input type="checkbox"/> Doctor statement |
| <input type="checkbox"/> Medical records | <input type="checkbox"/> Other health care provider statement |
| <input type="checkbox"/> Child care provider records | |
| <input type="checkbox"/> Placement agency statement | |
| <input type="checkbox"/> Social service records or statement | |

Business and Other Documents

- | | |
|---|--|
| <input type="checkbox"/> Business license | <input type="checkbox"/> Bank statements |
| <input type="checkbox"/> Forms 1099 | <input type="checkbox"/> Other |
| <input type="checkbox"/> Records of gross receipts provided by taxpayer | |
| <input type="checkbox"/> Taxpayer summary of income | |
| <input type="checkbox"/> Records of expenses provided by taxpayer | |
| <input type="checkbox"/> Taxpayer summary of expenses | |

- ◆ Look at Ted’s situation:
 - He is raising two children by himself with no one else besides the children living with him.
 - He is supporting a family of three on less than \$29,000 of income reported on his tax return.
- ◆ The circumstances in this scenario should prompt you to discuss the following with the client:
 - The children’s mother, including whether the children lived with her any time during the year and whether she will likely claim them.
 - The client’s living arrangements to check if anyone else besides the children lived with him and if there are others who can claim the children.
 - Besides earned income (e.g., wages), other income and assistance from other sources the client received to pay the costs of keeping up the home and to support himself and the children, such as military allowances, the children’s other parent, relatives, child support, social service agencies, charitable organizations, etc.

◆ You must document your conversation with the client in ProFiler as Preparer Notes. Here are some notes that apply for Ted:

- Ted paid all the costs of keeping up the home.
- Children's mother lives in another city and they never lived together during the year.
- Ted and the children's mother never married.
- No one besides the children lived with Ted.
- School records have been scanned and listed on Form 8867

Combat Pay

Because Ted served in a combat zone, a portion of his military pay is nontaxable. This part is shown with code Q in Box 12 of his military W-2 from Defense Finance and Accounting Service. However, Ted can elect to include it in the income used to calculate his EITC. Based on the information displayed in ProFiler, it is not to Ted's advantage to use his combat pay when calculating the credit. You should have answered NO when asked about including combat pay for the EITC calculation.

TED LYLE

IRS allows taxpayers to choose whether to include:

- Medicaid waiver payments in earned income for EIC and ACTC AND
- Nontaxable combat pay in earned income for EIC.

Q: **The client's refund will be highest (or balance due lowest) if we use Option 3 as shown below.**

ENTER the appropriate number for the amount the taxpayer wishes to use:

- 1 - EIC and ACTC including combat pay is **\$8,137**
- 2 - Same as Option 1 **\$8,137**
- 3 - EIC NOT including combat pay and ACTC including combat pay is **\$8,442**
- 4 - Same as Option 3 **\$8,442**

A:

Pending

Child Support

The child support payments Ted received from his ex-wife, Isabella, are *not* entered in ProFiler because they are *not* taxable.

Retirement Savings Contributions Credit (Saver's Credit)

Ted qualifies for the Saver's Credit based on the retirement plan contributions shown in Box 12 of his W-2s for the Navy and Walmart. However, he is not claiming this nonrefundable credit because his tax minus his CDCC is zero, so ProFiler does not include the Form 8880 in the Federal Recap Return because it is not part of the tax return.

Prior-Year Comparison

There are times when the bottom line on the tax return does not meet the client's expectations. This could be because it is different than it was for their prior-year tax return.

In these situations, excellent client service using care and empathy is important. For information on connecting with clients through empathy, refer to the *Client Experience Module* on the Jackson Hewitt Learning Center.

It is also important for you to be able to explain the changes to the client. Having access to their prior-year return can help identify differences between last year's and this year's returns. The *Tax Benefits Summary* in ProFiler is a resource for tax return comparison for returning clients when *Last Year's System (LYS)* is used. It highlights key details used to calculate the client's refund/balance due each year Jackson Hewitt prepares their return.

Ted's current tax year AGI and tax before credits are greater than his prior tax year amounts. However, his refund is also greater due in large part to the addition of another qualifying child (Savanna) for certain tax benefits. In this case, Ted may not question the difference because he is getting a bigger refund than he did last year. If he does, there are some key items you can point out as you review his return with him. Ted's greater refund this year is primarily because of the addition of a qualifying child for the EITC, CTC, and CDCC.

Description:	2021	2022	2023
Filing status		HH	HH
Number of dependents		1	2
Total income		24,844	28,032
Wages, salaries, tips, etc.		24,844	28,032
Business income			
Taxable IRA distribution			
Taxable pensions and annuities			
Taxable social security			
Rents, royalties, K-1s.			
Taxable unemployment			
Total adjustments			
Total adjusted gross income		24,844	28,032
Itemized or standard:			
Itemized deductions		518	846
Standard deduction		19,400	20,800
Method used		Standard	Standard
Qualified business income deduction			
Taxable income		5,444	7,232
Excess advance premium tax credit repayment			
Total tax less nonrefundable credits	A		
Nonrefundable child/dependent care credit	B	543	723
Nonrefundable child tax credit/credit for other dependents			
Other nonrefundable credits			
Self-employment tax			
Marginal tax rate		10.0 %	10.0 %
Total payments		5,536	9,540
Federal withholding	C	1,053	1,098
Estimated payments			
Earned income credit	E	2,983	5,242
Refundable child/dependent care credit (2021 only)			
Refundable child tax credit (2021 only)			
Additional child tax credit	D	1,500	3,200
Net premium tax credit			
Federal refund/balance due	F	5,536	9,540

Tax Benefits Summary

Because Ted is not a prior-year client, his *Tax Benefits Summary* in ProFiler only shows information for the current tax year. However, a mocked up version is shown here to provide some insight on the differences between Ted's tax returns for last year and this year.

Note the following amounts on Ted's *Tax Benefits Summary*:

- A** Total tax less nonrefundable credits - Both years, his total tax is zero because of his nonrefundable CDCC. **B**
- C** Federal withholding - The amount for this year is higher than it was for last year.
 - ◆ Credits - EITC and ACTC This year, Ted has an additional dependent, Savanna, who is a qualifying child for the EITC, CTC, and CDCC. All credits increase because he has two qualifying children instead of one.
 - Child Tax Credit - The CTC is a maximum of \$2,000 for all qualifying children and it is nonrefundable, which means it is limited to the amount of tax minus certain credits. If it is limited, the taxpayer may qualify for an ACTC of up to \$1,600 (\$1,500 in the prior year) for each qualifying child. Ted's CTC is limited to his tax minus CDCC, which is zero; so he is claiming the ACTC. **D**
- E** Earned income credit - Ted's EITC for this year is greater than last year's EITC in part because he has an extra qualifying child this year.
- F** Federal refund - Ted's refund for this year is greater than last year's refund mainly due to his total credit amount being greater because of having an additional qualifying child this year.

Taxpayer-Selected PIN

Ted does not authorize you, as the preparer, to allow ProFiler to automatically generate a PIN for signing Form 8879. Ted chooses his own PIN.

When a taxpayer selects their own PIN, they can either allow you to enter it on their behalf, or they can enter it directly on your keyboard, which you can pass over to them for privacy.

FOP Reduced Printing

Clients can choose to set up a MyJH account, or use their existing account, and receive less Front Office Printing (FOP) paperwork in the office.

Need more information? Refer to the resources and information available from the Learning Center Catalog and AskJH.

Assisted Refund

- ◆ Clients can choose to apply for an **optional** product called an Assisted Refund, or AR.
- ◆ Although the AR is a financial product, **IT IS NOT A LOAN.**
- ◆ An AR allows the client's refund from the IRS and State (if applicable), to be direct deposited with the AR Provider for a fee.

- ◆ Fees **are paid from the refund** upon completion of services from either the federal OR state; whichever is received first by the bank.
- ◆ The remainder of the refund is disbursed to the client via the disbursement option chosen.

Need more information? Refer to the resources and information available from the Learning Center Catalog and AskJH.

Refund Advance With Assisted Refund

- ◆ Clients can choose to apply for an **optional** product called a Refund Advance Loan offered by Republic Bank.
- ◆ It's available for clients who choose IRS Direct or Assisted Refund.
- ◆ Disbursement choices for Refund Advance are Serve Card (new or existing) or Direct Deposit.
- ◆ Clients must choose to have their tax refund disbursed to the same option they choose for Refund Advance.
- ◆ **Important:** Republic Bank communicates critical loan status information to clients via e-mail/text AFTER the tax interview. Therefore, do your part by verifying both are recorded accurately in ProFiler.

Note: If you are a returning preparer, please take the time to complete the module and review the Talk Sheet & Job Aid to ensure you are aware of the product and process changes for this tax season.

Need more information? Refer to the resources and information available from the Learning Center Catalog and AskJH.

Direct Deposit to a Bank Account

When clients choose Direct Deposit to their personal bank account, they will need to provide you with the Bank Name, Routing Transit Number (RTN), and the Depositor Account Number (DAN) associated with the account. It is critical that you enter this information correctly. Incorrect information will create a major delay for the client's refund and serious client service issues.

Here are a few best practices:

- ◆ Double check your entry
- ◆ Turn the screen towards your client and have them verify the information as well
- ◆ Retrieve this information from a voided check or other reliable source. Never use a deposit slip.

Need more information? Refer to the resources and information available from the Learning Center Catalog and AskJH.

Worry-Free Guarantee

Need more information? Refer to the resources and information available from the Learning Center Catalog and AskJH.

Walmart Associate Promotion

The Walmart Associates promotion is 33% off tax prep ALL TAX SEASON.

- ◆ The promotion appears on the promotion choices screen in ProFiler as long as you enter the Walmart EIN (71-0794409) from the client's W-2 into ProFiler correctly.
- ◆ If you work in a Walmart location, please let Associates know about this awesome offer.
- ◆ The Walmart Associate promotion is available in JH Walmart and Storefront locations.

Need more information? Refer to the resources and information available from the Learning Center Catalog and AskJH.

Knowledge Check Answer

1. **\$9,540.** Ted Lyle's refund is shown in the "Refund" section of his Form 1040.