



Welcome to

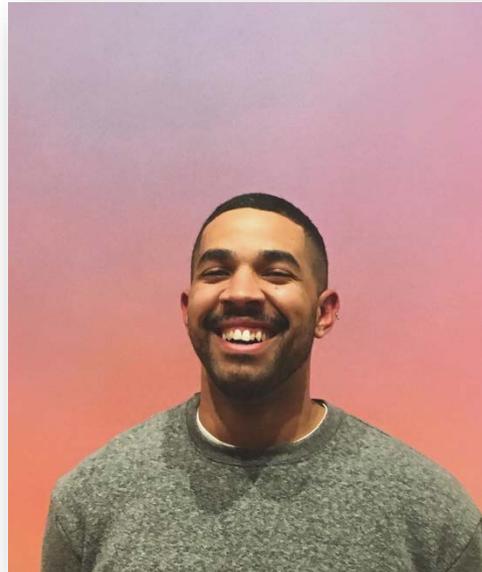
VISTA Benefits and Taxes: Just the Basics



Dial:

Passcode:

Today's Speakers



Calvin Landrum
VISTA Training Team



Taryn Vanaskie
Program Officer-
Pennsylvania State
Office

Today's Agenda

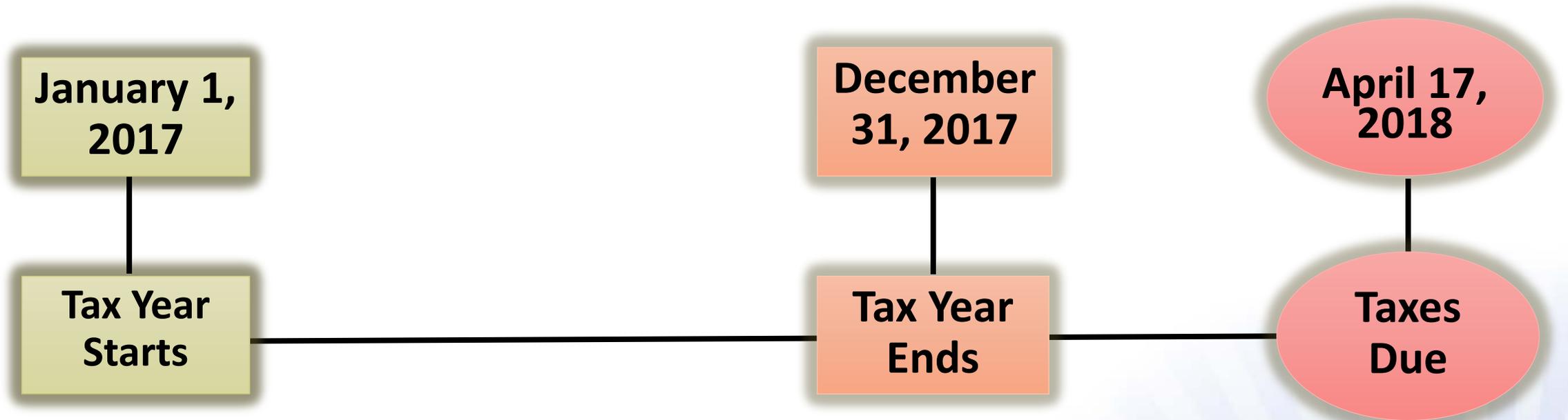


- Income Taxes 101: Essential Terms & Forms
- VISTA Service & Tax Implications
- Resources



Income Taxes 101: Essential Terms & Forms

2017 Income Tax Timeline



1. Provide Tax Information to Employer



When you start a new job

1. Provide Tax Information To Employer



- Forms:
 - Complete a W-4 when you start employment
- Terms:
 - *Withholding Allowances*: Indicates how much your employer withholds for taxes from your pay
- Question to consider:
 - How much should I withhold from my paycheck for taxes?

Withholding Allowances



- 0 – maximum tax withheld from each check
- 3+ - less tax withheld from each check
- Resource:
 - Withholdings Calculator
 - <https://www.irs.gov/individuals/employees/tax-withholding>

2. Gather Your Tax Statements



*Starting End of
January*

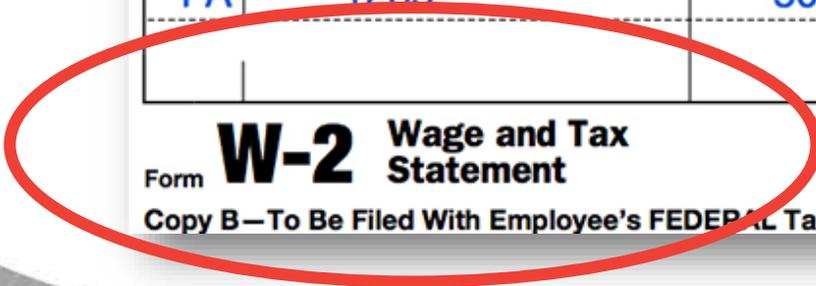
2. Gather Your Tax Statements



- Common Statements:
 - Wage Statements (W-2)
 - Misc. Income Statement (1099-Misc.)
- Questions to consider:
 - Did I receive a W-2 form from every employer I worked for this year?
 - Did I have any other forms of income this year?



a Employee's social security number 123-45-6789		Safe, accurate FAST use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 11-2233445		1 Wages, tips, other compensation 48,500.00		2 Federal income tax withheld 6,835.00	
c Employer's name, address, and ZIP code The Big Company 123 Main Street Anywhere, PA 12345		3 Social security wages 50,000.00		4 Social security tax withheld 3,100.00	
		5 Medicare wages and tips 50,000.00		6 Medicare tax withheld 725.00	
		7 Social security tips		8 Allocated tips	
d Control number A1B2		9		10 Dependent care benefits	
e Employee's first name and initial Last name Suff. Jane A DOE 123 Elm Street Anywhere Else, PA 23456		11 Nonqualified plans		12a See instructions for box 12 D 1,500.00	
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b DD 1,000.00	
		14 Other		12c P 4,800.00	
				12d	
f Employee's address and ZIP code					
15 State PA	Employer's state ID number 1235	16 State wages, tips, etc. 50,000	17 State income tax 1,535	18 Local wages, tips, etc. 50,000	19 Local income tax 750
				20 Locality name MU	



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

2014

Department of the Treasury—Internal Revenue Service

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



PAYER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone no. Corporation for National And Community Service 1201 New York Avenue NW Washington, DC 20525 (202) 606-5000		1 Rents \$	OMB No. 1545-0115 2013	Miscellaneous Income
PAYER'S federal identification number <input type="text"/>		2 Royalties \$	Form 1099-MISC	
RECIPIENT'S identification number <input type="text"/>		3 Other income \$ 1255.00	4 Federal income tax withheld \$	Copy 1 For State Tax Department
RECIPIENT'S name <input type="text"/>		5 Fishing boat proceeds \$	6 Medical and health care payments \$	
Street address (including apt. no.) <input type="text"/>		7 Nonemployee compensation \$	8 Substitute payments in lieu of dividends or interest \$	
City or town, province or state, country, and ZIP or foreign postal code <input type="text"/>		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	10 Crop insurance proceeds \$	
Account number (see instructions)		11 Foreign tax paid \$	12 Foreign country or U.S. possession	
15a Section 409A deferrals \$	15b Section 409A income \$	13 Excess golden parachute payments \$	14 Gross proceeds paid to an attorney \$	
		16 State tax withheld \$	17 State/Payer's state no.	18 State income \$

Form **1099-MISC**

www.irs.gov/form1099misc

Department of the Treasury - Internal Revenue Service

Other Statements To Gather



- Tuition Statements (1098-T)
- Student Loan Interest Statement (1098-E)
- Healthcare Coverage Statement (1095 forms)
- Unemployment Compensation (1099-G)
- Savings Account Interest (1099-INT)

3. File Taxes By April Deadline



By April Deadline

2017 Individual Tax Brackets

Term to know:

- *Tax Bracket*: Indicates the rate you'll pay in taxes

Taxable Income	Tax Rate
\$0-\$9,325	10%
\$9,325- \$37,950	15%
\$37,951-\$91,900	25%

<https://taxfoundation.org/2017-tax-brackets/>

3. File Taxes By April Deadline



Term to know:

- *Taxable Income*: The amount that is used to determine your tax bracket.

- + 1. Your Annual Income During The Year
- 2. Your Eligible Personal Exemptions/Deductions →
-

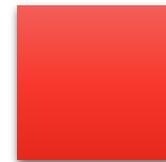
- Single or married?
- Exemptions?
- In school?
- Veteran status?

1040 Form



- When: by April 17, 2018 for 2017
- What: Used to actually calculate and file your taxes
- Important question:
 - How do I process my return?

Will I Get A Refund?



- Tax Refunds
 - Overpayment amount returned from the IRS
 - Tax Credits
 - Could be used to pay money owed
- Questions to consider:
 - Which tax credits am I eligible for?
 - Where's My Refund?

Common Mistakes When Filing



- Incorrect Social Security Number
- Misspelled Names
- Filing Status Errors
- Errors in figuring Tax Credits or Deductions
- Incorrect Bank Account Numbers
- Filing before you have all of your documents together

VISTA Benefits and Tax Implications



Before Service:

Not Taxed

Relocation



- If you relocated for service, you may be able to deduct moving expenses
- Relocation reimbursements and PSO travel reimbursements are not taxed
- No tax form for this money

During Service:

Living Allowance



Taxed

- Federal taxes are withheld
- State and local taxes are not withheld
 - Smartasset.com

During Service:

Not Taxed

Healthcare



- VISTA health benefits are not insurance
- May have to pay an individual shared responsibility payment if you did not carry insurance
- 1095 Form

Taxed

After Service:

End of Service Stipend



- Taxed in the year that it is received
- Added to taxable income
- Will be reported on your W-2

After Service:

Taxed



Education Award

- Taxed in the amount that is used, in the year that is used
 - Not taxed if you don't use it
- Added to taxable income when used
- Will receive a 1099 if amount used is \$600 or more
- Interest Payment is taxed

Is It taxed?

Benefit	Yes?	No?
Relocation/PSO Reimb.		✓
Living Allowance	✓	
Healthcare		✓
End of Service Stipend	✓	
Education Award	✓	
Interest Payment	✓	



Estimating Your Tax Liability

Tax Liability Is Dependent On:

- + 1. Your Annual Income During The Year Of Use
- + 2. Education Award Amount Used/Stipend Paid/Interest Payment
- 3. Your Eligible Personal Tax Credits/Deductions



- Single or married?
- Exemptions?
- In school?
- Veteran status?

= Taxable Income

Taxed @

- 4. Federal Tax Rate
- 5. State Tax Rate

Scenario 1: Education Award

Factor	2017 Tax Year
1. Annual Income During The Year Of Use	\$12,500
2. Education Award Amount Used	\$500
3. Interest Payment on Loans	\$1,000
4. Personal Credits and Deductions	-\$8,000
<i>Taxable Income</i>	\$6,000
<i>Federal Tax Rate</i>	10%

Review: 2017 Individual Tax Brackets

Taxable Income	Tax Rate
\$0-\$9,325	10%
\$9,325- \$37.950	15%
\$37,951-\$91,900	25%

<https://taxfoundation.org/2017-tax-brackets/>

Scenario 2: Education Award

Factor	2017 Tax Year	2017 Tax Year
1. Annual Income During The Year Of Use	\$12,500	\$12,500
2. Education Award Amount Used	\$500	\$5,815
3. Interest Payment on Loans	\$1,000	\$1,000
4. Personal Credits and Deductions	-\$8,000	-\$8,000
<i>Taxable Income</i>	\$6,000	\$11,315
<i>Federal Tax Rate</i>	10%	15%

- Using all of their award in one year increased taxable income into a higher tax bracket

Scenario 3: 5 Years After Service

Factor	2019 Tax Year	2019 Tax Year
1. Annual Income During The Year Of Use	\$45,000	\$45,000
2. Education Award Amount Used	\$5,815	0
3. Personal Credits and Deductions	-\$8,000	-8,000
<i>Taxable Income</i>	\$42,815	\$37,000
<i>Federal Tax Rate</i>	25%	15%

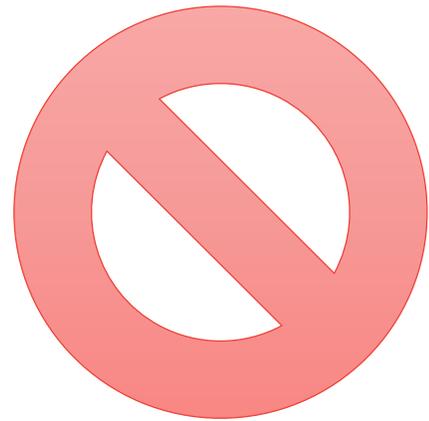
- Again, be mindful of how using the award will increase your taxable income and your tax liability

Scenario: End of Service Stipend

Factor	2017 Tax Year
1. Annual Income During The Year Of Use	\$12,500
2. End of Service Stipend	\$1,500
3. Personal Credits and Deductions	-\$8,000
<i>Taxable Income</i>	\$6,000
<i>Federal Tax Rate</i>	10%

What's the deal with the education award?

Its not
taxed



It's taxed and
reported on a **1099**
Misc statement

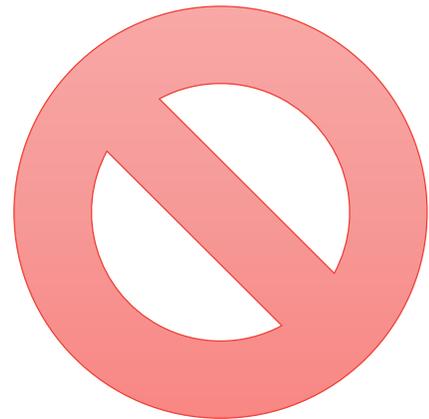


It's taxed and
reported on a
W2 statement



When will your tax forms be accessible?

By January 1



By January 31



By April 17

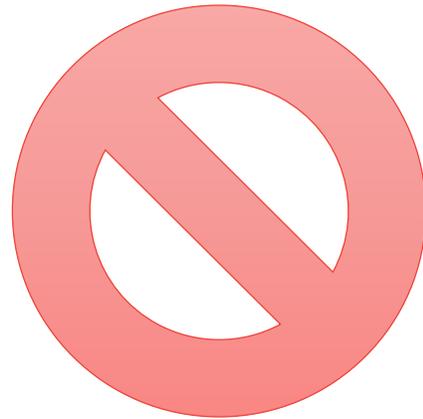


Which benefits are taxed?

Interest Payment



Healthcare Benefit



**Relocation
Reimbursement**



Where Can I Find Resources and Support For Filing Income Taxes?

Tax Preparation Assistance



- In person
 - VITA – Volunteer Income Tax Assistance
 - Income of \$54,000 or less

<https://www.irs.gov/individuals/find-a-location-for-free-tax-prep>

- Online
 - FreeFile Software
 - Income of \$64,000 or less

<https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>



Final thoughts and reminders

- You can update your W-4 at any time
- Take stock of all income in the year
- If receiving the education award, be mindful of additional income
- Research your state taxes!
- You need to file your taxes by April 17, 2018
- Direct deposit is a fast, reliable way to receive your refund
- There are tons of resources available if you have lower income

Thank You for Your Participation!

If you have further questions or for more information, contact us:
VISTAwebinars@cns.gov

Our next webinar:

Applying Decision-Making Insights
to Strengthen Anti-Poverty Efforts

November 30, 2:00pm Eastern

*Visit the Webinars for VISTAs page on the VISTA Campus
for a complete schedule of VISTA webinars*

Resources

- **Determine how much to take out of your paycheck for taxes:**
 - Withholdings Calculator: <https://www.irs.gov/individuals/employees/tax-withholding>
- **File Taxes:**
 - Find Your Federal Tax Bracket: <https://taxfoundation.org/2017-tax-brackets/>
 - Find a 1040 Tax Form: 1040: <https://www.irs.gov/forms-pubs/about-form-1040>
 - Check your refund status: <https://www.irs.gov/refunds>
- **Estimate Your State Tax Burden:**
 - Smart Asset: <https://smartasset.com/taxes/income-taxes>
 - Bankrate: <http://www.bankrate.com/finance/taxes/check-taxes-in-your-state.aspx>

Resources

- **Get Help Preparing Your Taxes:**

- Online

- FreeFile Software: Income of \$64,000 or less

- <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>

- In person

- VITA – Volunteer Income Tax Assistance: Income of \$54,000 or less

- <https://www.irs.gov/individuals/find-a-location-for-free-tax-prep>