

HAVING FUN WITH TAXES



CASFAA EDITION.®

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2013 Tax Workshop Agenda:

- Review of conflicting information guidelines
- Review of tax issues required for verification purposes
- Personal Tax Returns:
 - Review of 1040EZ – line-by-line
 - Review of 1040A – line-by-line
 - Review of 1040
 - Line-by-line review; where each line originates, what it means, how it is used in financial aid and verification issues from each line
 - Sched A – Itemized Deductions – medical/casualty/taxes/charity
 - Sched B – Interest & Dividends
 - Sched C – Sole Proprietorship – community property impact on FM
 - Sched D – Capital Gains/Losses – cash flow
 - Sched E – Rent, Royalties, Partnerships, S-Corps, Estates, Trusts
 - Sched F – Farms
 - Sched SE – Self-Employment Taxes – Earned Income
 - W-2 – Earned income, untaxed income codes, box 14
- Tax filing thresholds for 2012
- Tax filing status rules for 2012; single, married, head of household, widow(er)
- 2013-14 Targeted Verification;
 - New verification items
 - Categories
 - Mandatory language
- 2012 IRS Data Retrieval
 - Availability due to delayed filing season
 - Who may use IRSDRT
 - What items are verified by using the IRSDRT?
- 2012 Tax transcripts
 - When to obtain a transcript
 - How to obtain a transcript
 - Types of transcripts
 - Tax return transcripts
 - Tax account transcripts
 - Changes from 2011 lines references
 - Best in class tools available
 - Amended tax return requirements
- Business Taxes: brief introduction to partnerships and s-corps along with related K-1's

Form
1040EZ**Income Tax Return for Single and
Joint Filers With No Dependents** (99)**2012**

OMB No. 1545-0074

Your first name and initial FIRST	Last name LAST	Your social security number S S N O R
If a joint return, spouse's first name and initial FIRST	Last name LAST	Spouse's social security number I T I N

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

Apt. no.

IS THIS THE OFFICIAL USPS ADDRESS?▲ Make sure the SSN(s)
above are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

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

Foreign country name

Foreign province/state/county

Foreign postal code

NOTE - POSSIBLE FOREIGN TAX RETURN

Income Attach Form(s) W-2 here. Enclose, but do not attach, any payment.	1	Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.	1	W-2/SCHOLAR
	2	Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.	2	1099-INT < \$ 1500
	3	Unemployment compensation and Alaska Permanent Fund dividends (see instructions).	3	1099-G
	4	Add lines 1, 2, and 3. This is your adjusted gross income .	4	AGI
	5	If someone can claim you (or your spouse if a joint return) as a dependent, check the applicable box(es) below and enter the amount from the worksheet on back. <input checked="" type="checkbox"/> You <input checked="" type="checkbox"/> Spouse If no one can claim you (or your spouse if a joint return), enter \$9,750 if single ; \$19,500 if married filing jointly . See back for explanation.	5	REVIEW PAGE 2
	6	Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your taxable income .	6	
Payments, Credits, and Tax	7	Federal income tax withheld from Form(s) W-2 and 1099.	7	
	8a	Earned income credit (EIC) (see instructions).	8a	
	b	Nontaxable combat pay election. 8b		
	9	Add lines 7 and 8a. These are your total payments and credits .	9	
	10	Tax. Use the amount on line 6 above to find your tax in the tax table in the instructions. Then, enter the tax from the table on this line.	10	TAXES PAID
Refund Have it directly deposited! See instructions and fill in 11b, 11c, and 11d or Form 8888.	11a	If line 9 is larger than line 10, subtract line 10 from line 9. This is your refund . If Form 8888 is attached, check here <input type="checkbox"/>	11a	
	b	Routing number <input type="text"/>	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	d	Account number <input type="text"/>		
	12	If line 10 is larger than line 9, subtract line 9 from line 10. This is the amount you owe . For details on how to pay, see instructions.	12	

Third Party DesigneeDo you want to allow another person 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, to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Joint return? See instructions.

Keep a copy for your records.

Your signature

Date

Your occupation

Daytime phone number

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.) **Paid Preparer Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.

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

Cat. No. 11329W

Form **1040EZ** (2012)

Use this form if

- Your filing status is single or married filing jointly. If you are not sure about your filing status, see instructions.
- You (and your spouse if married filing jointly) were under age 65 and not blind at the end of 2012. If you were born on January 1, 1948, you are considered to be age 65 at the end of 2012.
- You do not claim any dependents. For information on dependents, see Pub. 501.
- Your taxable income (line 6) is less than \$100,000.
- You do not claim any adjustments to income. For information on adjustments to income, use the TeleTax topics listed under *Adjustments to Income* at www.irs.gov/taxtopics (see instructions).
- The only tax credit you can claim is the earned income credit (EIC). The credit may give you a refund even if you do not owe any tax. You do not need a qualifying child to claim the EIC. For information on credits, use the TeleTax topics listed under *Tax Credits* at www.irs.gov/taxtopics (see instructions). If you received a Form 1098-T or paid higher education expenses, you may be eligible for a tax credit or deduction that you must claim on Form 1040A or Form 1040. For more information on tax benefits for education, see Pub. 970.
- You had only wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund dividends, and your taxable interest was not over \$1,500. But if you earned tips, including allocated tips, that are not included in box 5 and box 7 of your Form W-2, you may not be able to use Form 1040EZ (see instructions). If you are planning to use Form 1040EZ for a child who received Alaska Permanent Fund dividends, see instructions.

Filling in your return

If you received a scholarship or fellowship grant or tax-exempt interest income, such as on municipal bonds, see the instructions before filling in the form. Also, see the instructions if you received a Form 1099-INT showing federal income tax withheld or if federal income tax was withheld from your unemployment compensation or Alaska Permanent Fund dividends.

For tips on how to avoid common mistakes, see instructions.

Remember, you must report all wages, salaries, and tips even if you do not get a Form W-2 from your employer. You must also report all your taxable interest, including interest from banks, savings and loans, credit unions, etc., even if you do not get a Form 1099-INT.

Worksheet for Line 5 — Dependents Who Checked One or Both Boxes

Use this worksheet to figure the amount to enter on line 5 if someone can claim you (or your spouse if married filing jointly) as a dependent, even if that person chooses not to do so. To find out if someone can claim you as a dependent, see Pub. 501.

A. Amount, if any, from line 1 on front		NOTE	
	+ 300.00	Enter total ▶	A. _____
B. Minimum standard deduction			B. <u>950.00</u>
C. Enter the larger of line A or line B here			C. _____
D. Maximum standard deduction. If single , enter \$5,950; if married filing jointly , enter \$11,900			D. _____
E. Enter the smaller of line C or line D here. This is your standard deduction			E. _____
F. Exemption amount.			
• If single, enter -0-.			
• If married filing jointly and —			
—both you and your spouse can be claimed as dependents, enter -0-.			
—only one of you can be claimed as a dependent, enter \$3,800.			
G. Add lines E and F. Enter the total here and on line 5 on the front			G. REVIEW

(keep a copy for your records)

If you did not check any boxes on line 5, enter on line 5 the amount shown below that applies to you.

- Single, enter \$9,750. This is the total of your standard deduction (\$5,950) and your exemption (\$3,800).
- Married filing jointly, enter \$19,500. This is the total of your standard deduction (\$11,900), your exemption (\$3,800), and your spouse's exemption (\$3,800).

Mailing Return

Mail your return by **April 15, 2013**. Mail it to the address shown on the last page of the instructions.

Your first name and initial		Last name		OMB No. 1545-0074	
FIRST		LAST		Your social security number	
If a joint return, spouse's first name and initial		Last name		SSN OR	
FIRST		LAST		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, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).				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. <input type="checkbox"/> You <input type="checkbox"/> Spouse	
Foreign country name		Foreign province/state/country		Foreign postal code	
NOTE - POSSIBLE FOREIGN TAX RETURN Filing status Check only one box.					
1 <input type="checkbox"/> Single 2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶ 4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ REVIEW 5 <input type="checkbox"/> Qualifying widow(er) with dependent child (see instructions)					
Exemptions 6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a. b <input checked="" type="checkbox"/> Spouse c Dependents:					
(1) First name		Last name		(2) Dependent's social security number	(3) Dependent's relationship to you
(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)					
DEPENDENT ONE		XXX-XX-XXXX		SON	
DEPENDENT TWO		XXX-XX-XXXX		DAUGHTER	
				Boxes checked on 6a and 6b No. of children on 6c who: • lived with you 2 • did not live with you due to divorce or separation (see instructions) ? Dependents on 6c not entered above ? Add numbers on lines above ▶ 4	
d Total number of exemptions claimed.					
Income					
7 Wages, salaries, tips, etc. Attach Form(s) W-2. 7 W-2/SCHOLAR					
8a Taxable interest. Attach Schedule B if required. 8a 1099-INT					
b Tax-exempt interest. Do not include on line 8a. 8b 1099-INT/UNTAX					
9a Ordinary dividends. Attach Schedule B if required. 9a 1099-DIV					
b Qualified dividends (see instructions). 9b N/A					
10 Capital gain distributions (see instructions). 10 1099-G					
11a IRA distributions.		11a 1099-R		11b Taxable amount (see instructions). 11b A-B=UNTAXED	
12a Pensions and annuities.		12a 1099-R		12b Taxable amount (see instructions). 12b A-B=UNTAXED	
13 Unemployment compensation and Alaska Permanent Fund dividends. 13 1099-G					
14a Social security benefits.		14a SSA-1099		14b Taxable amount (see instructions). 14b SSA-1099	
15 Add lines 7 through 14b (far right column). This is your total income . ▶ 15					
Adjusted gross income					
16 Educator expenses (see instructions).		16			
17 IRA deduction (see instructions).		17 UNTAXED			
18 Student loan interest deduction (see instructions).		18			
19 Tuition and fees. Attach Form 8917.		19			
20 Add lines 16 through 19. These are your total adjustments . 20					
21 Subtract line 20 from line 15. This is your adjusted gross income . ▶ 21 AGI					

Tax, credits, and payments

22 Enter the amount from line 21 (adjusted gross income). **22** **AGI**

23a Check ☐ **You** were born before January 2, 1948, ☐ **Blind** } **Total boxes**
 if: ☐ **Spouse** was born before January 2, 1948, ☐ **Blind** } **checked** ▶ **23a** ☐

b If you are married filing separately and your spouse itemizes deductions, check here ▶ **23b** ☐

Standard Deduction for—

• People who check any box on line 23a or 23b or who can be claimed as a dependent, see instructions.

• All others:
 Single or Married filing separately, \$5,950

Married filing jointly or Qualifying widow(er), \$11,900

Head of household, \$8,700

24 Enter your **standard deduction**. **24** **STD ONLY**

25 Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-. **25**

26 **Exemptions.** Multiply \$3,800 by the number on line 6d. **26** **\$3800 EACH**

27 Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-.
 This is your **taxable income**. ▶ **27**

28 **Tax**, including any alternative minimum tax (see instructions). **28**

29 Credit for child and dependent care expenses. Attach Form 2441. **29**

30 Credit for the elderly or the disabled. Attach Schedule R. **30**

31 Education credits from Form 8863, line 19. **31** **ED CREDITS**

32 Retirement savings contributions credit. Attach Form 8880. **32**

33 Child tax credit. Attach Schedule 8812, if required. **33**

34 Add lines 29 through 33. These are your **total credits**. **34**

35 Subtract line 34 from line 28. If line 34 is more than line 28, enter -0-. This is your **total tax**. **35** **TAXES PAID**

36 Federal income tax withheld from Forms W-2 and 1099. **36**

37 2012 estimated tax payments and amount applied from 2011 return. **37**

38a **Earned income credit (EIC).** **38a**

b Nontaxable combat pay election. **38b**

39 Additional child tax credit. Attach Schedule 8812. **39**

40 American opportunity credit from Form 8863, line 8. **40**

41 Add lines 36, 37, 38a, 39, and 40. These are your **total payments**. ▶ **41**

Refund

42 If line 41 is more than line 35, subtract line 35 from line 41. This is the amount you **overpaid**. **42**

43a Amount of line 42 you want **refunded to you**. If Form 8888 is attached, check here ▶ ☐ **43a**

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

▶ **d** Account number

44 Amount of line 42 you want **applied to your 2013 estimated tax**. **44**

Amount you owe

45 **Amount you owe.** Subtract line 41 from line 35. For details on how to pay, see instructions. ▶ **45**

46 Estimated tax penalty (see instructions). **46**

Third party designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☐ **Yes**. Complete the following. ☐ **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 accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Your signature Date Your occupation Daytime phone number

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

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

Paid preparer use only

Print/type preparer's name Preparer's signature Date Check ☐ if self-employed PTIN

Firm's name ▶ Firm's EIN ▶

Firm's address ▶ Phone no.

Form	1040	Department of the Treasury—Internal Revenue Service	(99)	2012	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
For the year Jan. 1–Dec. 31, 2012, or other tax year beginning , 2012, ending , 20					See separate instructions.	
Your first name and initial		Last name		Your social security number		
FIRST		LAST		S S N O R		
If a joint return, spouse's first name and initial		Last name		Spouse's social security number		
FIRST		LAST		I T I N 		
Home address (number and street). If you have a P.O. box, see instructions.				Apt. no.	▲ Make sure the SSN(s) above and on line 6c are correct.	
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).				Presidential Election Campaign		
Foreign country name		Foreign province/state/county		Foreign postal code		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.
NOTE - POSSIBLE FOREIGN TAX RETURN		NOTE		NOTE		<input type="checkbox"/> You <input type="checkbox"/> Spouse
Filing Status						
1 <input type="checkbox"/> Single						
2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income)						
3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ►						
4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ► REVIEW						
5 <input type="checkbox"/> Qualifying widow(er) with dependent child						
Exemptions						
6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a						
b <input checked="" type="checkbox"/> Spouse						
c Dependents:						
(1) First name		Last name		(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)
FIRST LAST		X X X X X X X X		RELATIONSHIP		<input type="checkbox"/>
						<input type="checkbox"/>
						<input type="checkbox"/>
						<input type="checkbox"/>
If more than four dependents, see instructions and check here ► <input type="checkbox"/>						
d Total number of exemptions claimed						
Income						
7 Wages, salaries, tips, etc. Attach Form(s) W-2						
8a Taxable interest. Attach Schedule B if required						
b Tax-exempt interest. Do not include on line 8a 8b 1099-INT/UNTAX						
9a Ordinary dividends. Attach Schedule B if required						
b Qualified dividends 9b N/A						
10 Taxable refunds, credits, or offsets of state and local income taxes						
11 Alimony received						
12 Business income or (loss). Attach Schedule C or C-EZ						
13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ► <input type="checkbox"/>						
14 Other gains or (losses). Attach Form 4797						
15a IRA distributions 15a 1099-R b Taxable amount 15b A-B=UNTAXED						
16a Pensions and annuities 16a 1099-R b Taxable amount 16b A-B=UNTAXED						
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E						
18 Farm income or (loss). Attach Schedule F						
19 Unemployment compensation						
20a Social security benefits 20a SSA-1099 b Taxable amount 20b SSA-1099						
21 Other income. List type and amount NOL/ GAMBLING/ 2555(\$ 95,100)/ JURY DUTY 21 VARIOUS						
22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ► 22						
Adjusted Gross Income						
23 Educator expenses 23						
24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 24						
25 Health savings account deduction. Attach Form 8889 25 UNTAXED						
26 Moving expenses. Attach Form 3903 26						
27 Deductible part of self-employment tax. Attach Schedule SE 27						
28 Self-employed SEP, SIMPLE, and qualified plans 28 UNTAXED						
29 Self-employed health insurance deduction 29						
30 Penalty on early withdrawal of savings 30						
31a Alimony paid b Recipient's SSN ► 31a						
32 IRA deduction 32 UNTAXED						
33 Student loan interest deduction 33						
34 Tuition and fees. Attach Form 8917 34						
35 Domestic production activities deduction. Attach Form 8903 35						
36 Add lines 23 through 35 36						
37 Subtract line 36 from line 22. This is your adjusted gross income 37 AGI						

Tax and Credits		38 Amount from line 37 (adjusted gross income)		38	AGI
39a Check <input type="checkbox"/> You were born before January 2, 1948, <input type="checkbox"/> Blind. Total boxes checked ▶ 39a <input type="checkbox"/>		if: <input type="checkbox"/> Spouse was born before January 2, 1948, <input type="checkbox"/> Blind.			
b If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b <input type="checkbox"/>					
Standard Deduction for—		40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)		40	ITEM-OR-STD
• People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.		41 Subtract line 40 from line 38		41	
• All others:		42 Exemptions. Multiply \$3,800 by the number on line 6d.		42	\$3800 THIS YR
Single or Married filing separately, \$5,950		43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		43	
Married filing jointly or Qualifying widow(er), \$11,900		44 Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/> 962 election		44	
Head of household, \$8,700		45 Alternative minimum tax (see instructions). Attach Form 6251		45	
		46 Add lines 44 and 45 ▶		46	
		47 Foreign tax credit. Attach Form 1116 if required		47	
		48 Credit for child and dependent care expenses. Attach Form 2441		48	
		49 Education credits from Form 8863, line 19		49	UNTAXED
		50 Retirement savings contributions credit. Attach Form 8880		50	
		51 Child tax credit. Attach Schedule 8812, if required		51	
		52 Residential energy credits. Attach Form 5695		52	
		53 Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>		53	
		54 Add lines 47 through 53. These are your total credits		54	
		55 Subtract line 54 from line 46. If line 54 is more than line 46, enter -0- ▶		55	TAXES PAID
Other Taxes		56 Self-employment tax. Attach Schedule SE		56	
		57 Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919		57	
		58 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required		58	
		59a Household employment taxes from Schedule H		59a	
		b First-time homebuyer credit repayment. Attach Form 5405 if required		59b	
		60 Other taxes. Enter code(s) from instructions		60	
		61 Add lines 55 through 60. This is your total tax ▶		61	
Payments		62 Federal income tax withheld from Forms W-2 and 1099		62	
If you have a qualifying child, attach Schedule EIC.		63 2012 estimated tax payments and amount applied from 2011 return		63	
		64a Earned income credit (EIC)		64a	
		b Nontaxable combat pay election 64b			
		65 Additional child tax credit. Attach Schedule 8812		65	
		66 American opportunity credit from Form 8863, line 8		66	
		67 Reserved		67	
		68 Amount paid with request for extension to file		68	
		69 Excess social security and tier 1 RRTA tax withheld		69	
		70 Credit for federal tax on fuels. Attach Form 4136		70	
		71 Credits from Form: a <input type="checkbox"/> 2439 b <input checked="" type="checkbox"/> Reserved c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885		71	
		72 Add lines 62, 63, 64a, and 65 through 71. These are your total payments ▶		72	
Refund		73 If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid		73	
		74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here ▶ <input type="checkbox"/>		74a	
Direct deposit? See instructions.		b Routing number ▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings			
		d Account number ▶			
		75 Amount of line 73 you want applied to your 2013 estimated tax ▶ 75		75	
Amount You Owe		76 Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions ▶		76	
		77 Estimated tax penalty (see instructions)		77	
Third Party Designee		Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> 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.			
Joint return? See instructions. Keep a copy for your records.		Your signature		Date	Your occupation
		Spouse's signature. If a joint return, both must sign.		Date	Spouse's occupation
					NOTE
					NOTE
					If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
Paid Preparer Use Only		Print/Type preparer's name		Preparer's signature	Date
		Firm's name ▶		Firm's EIN ▶	Check <input type="checkbox"/> if self-employed
		Firm's address ▶		Phone no.	PTIN

☐ CORRECTED (if checked)

CREDITOR'S name, street address, city, state, ZIP code, and telephone no.	1 Date of identifiable event	OMB No. 1545-1424
	2 Amount of debt discharged	2012
	3 Interest if included in box 2	
	\$	Form 1099-C

**Cancellation
of Debt**

CREDITOR'S federal identification number	DEBTOR'S identification number	4 Debt description
DEBTOR'S name		
Street address (including apt. no.)		5 If checked, the debtor was personally liable for repayment of the debt <input type="checkbox"/>
City, state, and ZIP code		
Account number (see instructions)	6 Identifiable event code	7 Fair market value of property
		\$

Copy B

For Debtor

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported.

Form **1099-C**

(keep for your records)

Department of the Treasury - Internal Revenue Service

To line 21 of 1040

Instructions for Debtor

You received this form because a Federal Government agency or an applicable financial entity (a lender) has discharged (canceled or forgiven) a debt you owed, or because an identifiable event has occurred that either is or is deemed to be a discharge of a debt of \$600 or more. If a creditor has discharged a debt you owed, you are required to include the discharged amount in your income, even if it is less than \$600, on the "Other income" line of your Form 1040. However, you may not have to include all of the canceled debt in your income. There are exceptions and exclusions, such as bankruptcy and insolvency. See Pub. 4681, available at IRS.gov, for more details. If an identifiable event has occurred but the debt has not actually been discharged, then include any discharged debt in your income in the year that it is actually discharged, unless an exception or exclusion applies to you in that year.

Debtor's identification number. For your protection, this form may show only the last four digits of your SSN, ITIN, or ATIN. However, the issuer has reported your complete identification number to the IRS, and, where applicable, to state and/or local governments.

Account number. May show an account or other unique number the creditor assigned to distinguish your account.

Box 1. Shows the date the earliest identifiable event occurred or, at the creditor's discretion, the date of an actual discharge that occurred before an identifiable event. See the code in box 6.

Box 2. Shows the amount of debt either actually or deemed discharged. **Note.** If you do not agree with the amount, contact your creditor.

Box 3. Shows interest if included in the debt reported in box 2. See Pub. 4681 to see if you must include the interest in gross income.

Box 4. Shows a description of the debt. If box 7 is completed, box 4 also shows a description of the property.

Box 5. Shows whether you were personally liable for repayment of the debt when the debt was created or, if modified, at the time of the last modification. See Pub. 4681 for reporting instructions.

Box 6. May show the reason your creditor has filed this form. The codes in this box are described in more detail in Pub. 4681. A—Bankruptcy; B—Other judicial debt relief; C—Statute of limitations or expiration of deficiency period; D—Foreclosure election; E—Debt relief from probate or similar proceeding; F—By agreement; G—Decision or policy to discontinue collection; H—Expiration of nonpayment testing period; or I—Other actual discharge before identifiable event.

Box 7. If, in the same calendar year, a foreclosure or abandonment of property occurred in connection with the cancellation of the debt, the fair market value (FMV) of the property will be shown, or you will receive a separate Form 1099-A. Generally, the gross foreclosure bid price is considered to be the FMV. For an abandonment or voluntary conveyance in lieu of foreclosure, the FMV is generally the appraised value of the property. You may have income or loss because of the acquisition or abandonment. See Pub. 4681 for information about foreclosures and abandonments. If the property was your main home, see Pub. 523 to figure any taxable gain or ordinary income.

Future developments. The IRS has created a page on IRS.gov for information about Form 1099-C and its instructions, at www.irs.gov/form1099c. Information about any future developments affecting Form 1099-C (such as legislation enacted after we release it) will be posted on that page.

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code		1 Gross distribution \$		OMB No. 1545-0119 2012 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
		2a Taxable amount \$					
		2b Taxable amount not determined <input type="checkbox"/>		Total distribution <input type="checkbox"/>			
PAYER'S federal identification number		RECIPIENT'S identification number		3 Capital gain (included in box 2a) \$		4 Federal income tax withheld \$	Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the Internal Revenue Service.
RECIPIENT'S name Street address (including apt. no.) City, state, and ZIP code		5 Employee contributions /Designated Roth contributions or insurance premiums \$		6 Net unrealized appreciation in employer's securities \$			
		7 Distribution code(s) IRA/SEP/SIMPLE <input type="checkbox"/>		8 Other \$ %			
		9a Your percentage of total distribution %		9b Total employee contributions \$			
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.		12 State tax withheld \$		13 State/Payer's state no.	
Account number (see instructions)				15 Local tax withheld \$		16 Name of locality	17 Local distribution \$

Form **1099-R**

www.irs.gov/form1099r

Department of the Treasury - Internal Revenue Service

Instructions for Recipient (Continued)

If this is a total distribution from a qualified plan and you were born before January 2, 1936 (or you are the beneficiary of someone born before January 2, 1936), you may be eligible for the 10-year tax option. See the Form 4972 instructions for more information.

If you are an eligible retired public safety officer who elected to exclude from income distributions from your eligible plan used to pay certain insurance premiums, the amount shown in box 2a has not been reduced by the exclusion amount. See the instructions for Form 1040 or 1040A for more information.

Box 2b. If the first box is checked, the payer was unable to determine the taxable amount, and box 2a should be blank, except for an IRA. If the second box is checked, the distribution was a total distribution that closed out your account.

Box 3. If you received a lump-sum distribution from a qualified plan and were born before January 2, 1936 (or you are the beneficiary of someone born before January 2, 1936), you may be able to elect to treat this amount as a capital gain on Form 4972 (not on Schedule D (Form 1040)). See the Form 4972 instructions. For a charitable gift annuity, report as a long-term capital gain as explained in the instructions for Schedule D.

Box 4. Shows federal income tax withheld. Include this amount on your income tax return as tax withheld, and if box 4 shows an amount (other than zero), attach Copy B to your return. Generally, if you will receive payments next year that are not eligible rollover distributions, you can change your withholding or elect not to have income tax withheld by giving the payer Form W-4P.

Box 5. Generally, this shows the employee's investment in the contract (after-tax contributions), if any, recovered tax free this year; the portion that is your basis in a designated Roth account; the part of premiums paid on commercial annuities or insurance contracts recovered tax free; or the nontaxable part of a charitable gift annuity. This box does not show any IRA contributions. If the amount shown is your basis in a designated Roth account, the year you first made contributions to that account may be entered in box 11.

Box 6. If you received a lump-sum distribution from a qualified plan that includes securities of the employer's company, the net unrealized appreciation (NUA) (any increase in value of such securities while in the trust) is taxed only when you sell the securities unless you choose to include it in your gross income this year. See Pub. 575 and the Form 4972 instructions. If you did not receive a lump-sum distribution, the amount shown is the NUA attributable to employee contributions, which is not taxed until you sell the securities.

Box 7. The following codes identify the distribution you received. For more information on these distributions, see the instructions for your tax return. Also, certain distributions may be subject to an additional 10% tax. See the instructions for Form 5329.

- 1—Early distribution, no known exception (in most cases, under age 59½).
- 2—Early distribution, exception applies (under age 59½).
- 3—Disability.
- 4—Death.
- 5—Prohibited transaction.
- 6—Section 1035 exchange (a tax-free exchange of life insurance, annuity, qualified long-term care insurance, or endowment contracts).
- 7—Normal distribution.
- 8—Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 2012.
- 9—Cost of current life insurance protection.
- A—May be eligible for 10-year tax option (see Form 4972).
- B—Designated Roth account distribution.

Note. If Code B is in box 7 and an amount is reported in box 10, see the instructions for Form 5329.

(Continued on the back of Copy 2.)

**SCHEDULE A
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Itemized Deductions

► Information about Schedule A and its separate instructions is at www.irs.gov/form1040.
► Attach to Form 1040.

OMB No. 1545-0074

2012

Attachment
Sequence No. **07**

Name(s) shown on Form 1040

Your social security number

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.			
	1 Medical and dental expenses (see instructions)	1	TOTAL MEDICAL	
	2 Enter amount from Form 1040, line 38	2		
	3 Multiply line 2 by 7.5% (.075)	3		
	4 Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-			4
Taxes You Paid	5 State and local	5	INCOME TAXES	
	a <input checked="" type="checkbox"/> Income taxes			
	b <input type="checkbox"/> Reserved			
	6 Real estate taxes (see instructions)	6	REAL ESTATE	
	7 Personal property taxes	7		
	8 Other taxes. List type and amount ►	8		
	9 Add lines 5 through 8			9
Interest You Paid	10 Home mortgage interest and points reported to you on Form 1098	10	HOME MTGE	
	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ►	11		
	Note. Your mortgage interest deduction may be limited (see instructions).			
	UNUSUAL - USE WHEN SELLER OR "OTHER" FINANCING			
	12 Points not reported to you on Form 1098. See instructions for special rules	12		
	13 Reserved	13		
	14 Investment interest. Attach Form 4952 if required. (See instructions.)	14		
	15 Add lines 10 through 14			15
Gifts to Charity	16 Gifts by cash or check. If you made any gift of \$250 or more, see instructions.	16	CHARITABLE	
	17 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	17	NON-CASH	
	18 Carryover from prior year	18		
	19 Add lines 16 through 18			19
Casualty and Theft Losses	20 Casualty or theft loss(es). Attach Form 4684. (See instructions.)	20		STORMS
Job Expenses and Certain Miscellaneous Deductions	21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ►	21		
	22 Tax preparation fees	22		
	23 Other expenses—investment, safe deposit box, etc. List type and amount ►	23		
	24 Add lines 21 through 23	24		
	25 Enter amount from Form 1040, line 38	25		
	26 Multiply line 25 by 2% (.02)	26		
	27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-			27
Other Miscellaneous Deductions	28 Other—from list in instructions. List type and amount ►			28
Total Itemized Deductions	29 Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40	29	TOTAL ITEMIZED	
	30 If you elect to itemize deductions even though they are less than your standard deduction, check here			<input type="checkbox"/>

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 17145C

Schedule A (Form 1040) 2012

SCHEDULE B
(Form 1040A or 1040)

Department of the Treasury
Internal Revenue Service (99)

Interest and Ordinary Dividends

▶ Attach to Form 1040A or 1040.

▶ Information about Schedule B (Form 1040A or 1040) and its instructions is at www.irs.gov/form1040.

OMB No. 1545-0074

2012

Attachment
Sequence No. **08**

Name(s) shown on return

Your social security number

Part I
Interest

(See instructions on back and the instructions for Form 1040A, or Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

- 1** List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions on back and list this interest first. Also, show that buyer's social security number and address ▶

FROM 1099-INT PROVIDED BY EACH PAYOR OF INTEREST

1099-B USED FOR BROKERAGE AND ACCOUNTS WITH MULTIPLE SOURCES OF INTEREST INCOME

THIS SCHEDULE IS REQUIRED WHEN INTEREST OR DIVIDENDS ARE > \$1,500

SERIES EE BONDS REDEMPTION MAY ARTIFICIALLY INFLATE INCOME

- 2** Add the amounts on line 1
- 3** Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815
- 4** Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a ▶

Note. If line 4 is over \$1,500, you must complete Part III.

Part II
Ordinary Dividends

(See instructions on back and the instructions for Form 1040A, or Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

- 5** List name of payer ▶

1099-INT PROVIDED BY EACH PAYOR

1099-B USED FOR BROKERAGE AND ACCOUNTS WITH MULTIPLE SOURCES OF DIVIDEND INCOME

SCHEDULE B REQUIRED WHEN INTEREST OR DIVIDENDS ARE > \$1,500

- 6** Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a ▶

Note. If line 6 is over \$1,500, you must complete Part III.

Part III
Foreign Accounts and Trusts

(See instructions on back.)

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

- 7a** At any time during 2012, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions
- If "Yes," are you required to file Form TD F 90-22.1 to report that financial interest or signature authority? See Form TD F 90-22.1 and its instructions for filing requirements and exceptions to those requirements
- b** If you are required to file Form TD F 90-22.1, enter the name of the foreign country where the financial account is located ▶ **NOTE YES ANSWERS FOR POTENTIAL ASSETS**
- 8** During 2012, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions on back

Yes	No
<input checked="checked" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input checked="checked" type="checkbox"/>	<input type="checkbox"/>

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone no.		Payer's RTN (optional)		OMB No. 1545-0112	
		1 Interest income		<div style="font-size: 2em; font-weight: bold;">2013</div> <div style="font-weight: bold;">Interest Income</div>	
		\$			
PAYER'S country code		If checked, branch reporting elected <input type="checkbox"/>		2 Early withdrawal penalty	
PAYER'S federal identification number		RECIPIENT'S identification number		3 Interest on U.S. Savings Bonds and Treas. obligations	
RECIPIENT'S name		4 Federal income tax withheld		5 Investment expenses	
Street address (including apt. no.)		\$		\$	
City or town, province or state, country, and ZIP or foreign postal code		6 Foreign tax paid		7 Foreign country or U.S. possession	
		\$			
		8 Tax-exempt interest		9 Specified private activity bond interest	
		\$		\$	
Account number (see instructions)		10 Tax-exempt bond CUSIP no.		11 State	12 State identification no.
				13 State tax withheld	
				\$	
				\$	

Copy B
For Recipient

This is important tax information and is being furnished to the Internal Revenue Service. 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.

Form **1099-INT**

(keep for your records)

www.irs.gov/form1099int

Department of the Treasury - Internal Revenue Service

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1a Total ordinary dividends		OMB No. 1545-0110 2012 Form 1099-DIV	Dividends and Distributions
		\$			
		1b Qualified dividends			
\$		2a Total capital gain distr.		2b Unrecap. Sec. 1250 gain	
\$		\$			
PAYER'S federal identification number	RECIPIENT'S identification number	2c Section 1202 gain		2d Collectibles (28%) gain	
		\$		\$	
RECIPIENT'S name		3 Nondividend distributions		4 Federal income tax withheld	This is important tax information and is being furnished to the Internal Revenue Service. 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.
		\$		\$	
Street address (including apt. no.)				5 Investment expenses	
				\$	
City, state, and ZIP code		6 Foreign tax paid		7 Foreign country or U.S. possession	
		\$			
Account number (see instructions)		8 Cash liquidation distributions		9 Noncash liquidation distributions	
		\$		\$	
		10 Exempt-interest dividends		11 Specified private activity bond interest dividends	
		\$		\$	
		12 State	13 State identification no.	14 State tax withheld	
				\$	

Form **1099-DIV**

(keep for your records)

Department of the Treasury - Internal Revenue Service

SCHEDULE C
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business
(Sole Proprietorship)

► For information on Schedule C and its instructions, go to www.irs.gov/schedulec.
► Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

OMB No. 1545-0074

2012
Attachment
Sequence No. **09**

Name of proprietor

Social security number (SSN)

NAME OF OWNER

A Principal business or profession, including product or service (see instructions)

B Enter code from instructions

WHAT IT DOES / WHAT IT SELLS

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN), (see instr.)

OFFICIAL BUSINESS NAME

E Business address (including suite or room no.) ► **USUALLY HOME ADDRESS**

City, town or post office, state, and ZIP code

F Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ►

G Did you "materially participate" in the operation of this business during 2012? If "No," see instructions for limit on losses ☒ Yes ☐ No

H If you started or acquired this business during 2012, check here ☐

I Did you make any payments in 2012 that would require you to file Form(s) 1099? (see instructions) ☐ Yes ☐ No

J If "Yes," did you or will you file required Forms 1099? ☐ Yes ☐ No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked ☐

2 Returns and allowances (see instructions)

3 Subtract line 2 from line 1

4 Cost of goods sold (from line 42)

5 Gross profit. Subtract line 4 from line 3

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)

7 Gross income. Add lines 5 and 6

1	TOTAL INCOME
2	
3	TOTAL INCOME
4	COST OF SALES
5	GROSS PROFIT
6	REVIEW
7	

Part II Expenses

Enter expenses for business use of your home only on line 30.

8 Advertising

9 Car and truck expenses (see instructions)

10 Commissions and fees

11 Contract labor (see instructions)

12 Depletion

13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)

14 Employee benefit programs (other than on line 19)

15 Insurance (other than health)

16 Interest:

a Mortgage (paid to banks, etc.)

b Other

17 Legal and professional services

18 Office expense (see instructions)

19 Pension and profit-sharing plans

20 Rent or lease (see instructions):

a Vehicles, machinery, and equipment

b Other business property

21 Repairs and maintenance

22 Supplies (not included in Part III)

23 Taxes and licenses

24 Travel, meals, and entertainment:

a Travel

b Deductible meals and entertainment (see instructions)

25 Utilities

26 Wages (less employment credits)

27a Other expenses (from line 48)

27b Reserved for future use

28 Total expenses before expenses for business use of home. Add lines 8 through 27a

29 Tentative profit or (loss). Subtract line 28 from line 7

30 Expenses for business use of your home. Attach Form 8829. Do not report such expenses elsewhere

31 Net profit or (loss). Subtract line 30 from line 29.

• If a profit, enter on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2.

(If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3.

• If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity (see instructions).

• If you checked 32a, enter the loss on both Form 1040, line 12, (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on Form 1041, line 3.

• If you checked 32b, you must attach Form 6198. Your loss may be limited.

18	
19	
20	
20a	
20b	
21	
22	
23	
24	
24a	
24b	
25	
26	
27a	REVIEW
27b	
28	
29	
30	USE OF HOME
31	TO LINE 12

32a ☒ All investment is at risk.
32b ☐ Some investment is not at risk.

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

Cat. No. 11334P

Schedule C (Form 1040) 2012

Part III	Cost of Goods Sold (see instructions)
-----------------	--

- 33 Method(s) used to value closing inventory: a ☒ Cost b ☐ Lower of cost or market c ☐ Other (attach explanation)
- 34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory?
If "Yes," attach explanation ☐ Yes ☐ No

35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35		
36	Purchases less cost of items withdrawn for personal use	36	REVIEW	
37	Cost of labor. Do not include any amounts paid to yourself	37		
38	Materials and supplies	38		
39	Other costs	39		
40	Add lines 35 through 39	40		
41	Inventory at end of year	41	ASSET	
42	Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4	42		

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

- 43** When did you place your vehicle in service for business purposes? (month, day, year) ▶ / /

44 Of the total number of miles you drove your vehicle during 2012, enter the number of miles you used your vehicle for:

a Business **BUSINESS MILES** **b** Commuting (see instructions) **COMMUTING MILES** **c** Other **CONFUSED MILES**

45 Was your vehicle available for personal use during off-duty hours? ☒ Yes ☐ No

46 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☒ No

47a Do you have evidence to support your deduction? ☒ Yes ☐ No

b If "Yes," is the evidence written? ☒ Yes ☐ No

Part V Other Expenses. List below business expenses not included on lines 8–26 or line 30.

CONSIDER A REVIEW IF INVOLVED IN A PJ SITUATION							
48 Total other expenses. Enter here and on line 27a						48	

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Rents	OMB No. 1545-0115 2012 Form 1099-MISC		Miscellaneous Income Copy B For Recipient
		\$			
		2 Royalties			
		\$			
3 Other income		\$	4 Federal income tax withheld	\$	
PAYER'S federal identification number	RECIPIENT'S identification number	5 Fishing boat proceeds	6 Medical and health care payments		This is important tax information and is being furnished to the Internal Revenue Service. 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.
RECIPIENT'S name Street address (including apt. no.) City, state, and ZIP code		\$	7 Nonemployee compensation	8 Substitute payments in lieu of dividends or interest	
		\$	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	
		\$	11	12	
Account number (see instructions)		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
					\$

Form 1099-MISC

(keep for your records)

Department of the Treasury - Internal Revenue Service

To 1040 Schedule C

SCHEDULE SE
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Self-Employment Tax

► Information about Schedule SE and its separate instructions is at www.irs.gov/form1040.

► Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

2012

Attachment
Sequence No. **17**

Name of person with self-employment income (as shown on Form 1040)

NAME OF INDIVIDUAL SUBJECT TO SE TAX

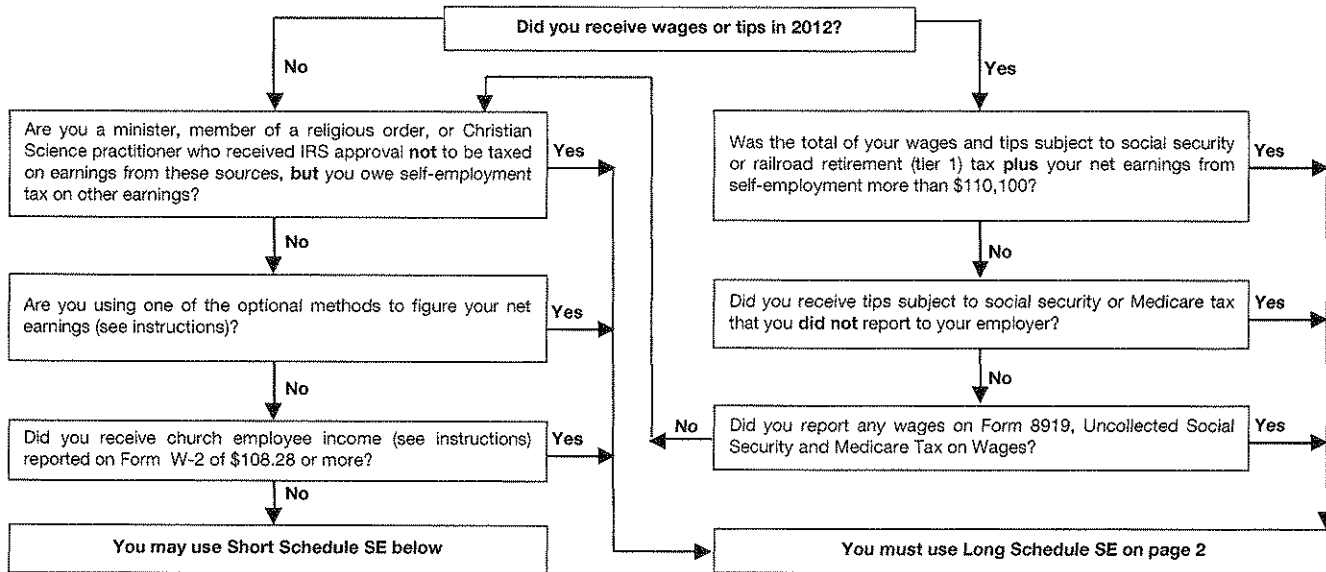
Social security number of person
with self-employment income ►

NOTE

Before you begin: To determine if you must file Schedule SE, see the instructions.

May I Use Short Schedule SE or Must I Use Long Schedule SE?

Note. Use this flowchart **only** if you must file Schedule SE. If unsure, see *Who Must File Schedule SE* in the instructions.



Section A—Short Schedule SE. Caution. Read above to see if you can use Short Schedule SE.

1a Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1a		
b If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code Y	1b ()
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see instructions for types of income to report on this line. See instructions for other income to report	2		
3 Combine lines 1a, 1b, and 2	3		
4 Multiply line 3 by 92.35% (.9235). If less than \$400, you do not owe self-employment tax; do not file this schedule unless you have an amount on line 1b ► Note. If line 4 is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.	4	EARNED INCOME	
5 Self-employment tax. If the amount on line 4 is: • \$110,100 or less, multiply line 4 by 13.3% (.133). Enter the result here and on Form 1040, line 56, or Form 1040NR, line 54 • More than \$110,100, multiply line 4 by 2.9% (.029). Then, add \$11,450.40 to the result. Enter the total here and on Form 1040, line 56, or Form 1040NR, line 54	5		
6 Deduction for employer-equivalent portion of self-employment tax. If the amount on line 5 is: • \$14,643.30 or less, multiply line 5 by 57.51% (.5751) • More than \$14,643.30, multiply line 5 by 50% (.50) and add \$1,100 to the result. Enter the result here and on Form 1040, line 27, or Form 1040NR, line 27	6		

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

Cat. No. 11358Z

Schedule SE (Form 1040) 2012

Name of person with **self-employment** income (as shown on Form 1040)Social security number of person
with **self-employment** income ▶**Section B—Long Schedule SE****Part I Self-Employment Tax****Note.** If your only income subject to self-employment tax is **church employee income**, see instructions. Also see instructions for the definition of church employee income.

A	If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I	▶	<input type="checkbox"/>
1a	Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A. Note. Skip lines 1a and 1b if you use the farm optional method (see instructions)	1a	
b	If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code Y	1b	()
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see instructions for types of income to report on this line. See instructions for other income to report. Note. Skip this line if you use the nonfarm optional method (see instructions)	2	
3	Combine lines 1a, 1b, and 2	3	
4a	If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3. Note. If line 4a is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.	4a	EARNED INCOME*
b	If you elect one or both of the optional methods, enter the total of lines 15 and 17 here	4b	
c	Combine lines 4a and 4b. If less than \$400, stop ; you do not owe self-employment tax. Exception. If less than \$400 and you had church employee income , enter -0- and continue ▶	4c	
5a	Enter your church employee income from Form W-2. See instructions for definition of church employee income	5a	
b	Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-	5b	
6	Add lines 4c and 5b	6	
7	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 4.2% portion of the 5.65% railroad retirement (tier 1) tax for 2012	7	110,100 00
8a	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$110,100 or more, skip lines 8b through 10, and go to line 11	8a	
b	Unreported tips subject to social security tax (from Form 4137, line 10)	8b	
c	Wages subject to social security tax (from Form 8919, line 10)	8c	
d	Add lines 8a, 8b, and 8c	8d	
9	Subtract line 8d from line 7. If zero or less, enter -0- here and on line 10 and go to line 11	9	
10	Multiply the smaller of line 6 or line 9 by 10.4% (.104)	10	
11	Multiply line 6 by 2.9% (.029)	11	
12	Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 56, or Form 1040NR, line 54	12	
13	Deduction for employer-equivalent portion of self-employment tax. Add the two following amounts. • 59.6% (.596) of line 10. • One-half of line 11. Enter the result here and on Form 1040, line 27, or Form 1040NR, line 27	13	

Part II Optional Methods To Figure Net Earnings (see instructions)**Farm Optional Method.** You may use this method **only** if (a) your gross farm income¹ was not more than \$6,780, or (b) your net farm profits² were less than \$4,894.

14	Maximum income for optional methods	14	4,520 00
15	Enter the smaller of: two-thirds ($\frac{2}{3}$) of gross farm income ¹ (not less than zero) or \$4,520. Also include this amount on line 4b above	15	

Nonfarm Optional Method. You may use this method **only** if (a) your net nonfarm profits³ were less than \$4,894 and also less than 72.189% of your gross nonfarm income,⁴ and (b) you had net earnings from self-employment of at least \$400 in 2 of the prior 3 years. **Caution.** You may use this method no more than five times.

16	Subtract line 15 from line 14	16	
17	Enter the smaller of: two-thirds ($\frac{2}{3}$) of gross nonfarm income ⁴ (not less than zero) or the amount on line 16. Also include this amount on line 4b above	17	

¹ From Sch. F, line 9, and Sch. K-1 (Form 1065), box 14, code B.² From Sch. F, line 34, and Sch. K-1 (Form 1065), box 14, code A—minus the amount you would have entered on line 1b had you not used the optional method.³ From Sch. C, line 31; Sch. C-EZ, line 3; Sch. K-1 (Form 1065), box 14, code A; and Sch. K-1 (Form 1065-B), box 9, code J1.⁴ From Sch. C, line 7; Sch. C-EZ, line 1; Sch. K-1 (Form 1065), box 14, code C; and Sch. K-1 (Form 1065-B), box 9, code J2.

SCHEDULE D
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040 or Form 1040NR.

▶ Information about Schedule D and its separate instructions is at www.irs.gov/form1040.

▶ Use Form 8949 to list your transactions for lines 1, 2, 3, 8, 9, and 10.

OMB No. 1545-0074

2012

Attachment
Sequence No. **12**

Name(s) shown on return

Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

Complete Form 8949 before completing line 1, 2, or 3.

This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price) from Form(s) 8949, Part I, line 2, column (d)	(e) Cost or other basis from Form(s) 8949, Part I, line 2, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1 Short-term totals from all Forms 8949 with box A checked in Part I	Could be cash	(except day traders)		
2 Short-term totals from all Forms 8949 with box B checked in Part I	" "	" "	" "	
3 Short-term totals from all Forms 8949 with box C checked in Part I	" "	" "	" "	

4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4	
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5	From Business
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions	6	()
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back	7	

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

Complete Form 8949 before completing line 8, 9, or 10.

This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price) from Form(s) 8949, Part II, line 4, column (d)	(e) Cost or other basis from Form(s) 8949, Part II, line 4, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 4, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8 Long-term totals from all Forms 8949 with box A checked in Part II	Cash rec'd			
9 Long-term totals from all Forms 8949 with box B checked in Part II	Cash rec'd			
10 Long-term totals from all Forms 8949 with box C checked in Part II	Cash rec'd			

11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11	
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12	From Business
13 Capital gain distributions. See the instructions	13	
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions	14	()
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (h). Then go to Part III on the back	15	

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

Cat. No. 11338H

Schedule D (Form 1040) 2012

Part III Summary

16 Combine lines 7 and 15 and enter the result	16	
<ul style="list-style-type: none"> • If line 16 is a gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. • If line 16 is a loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. • If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22. 		
17 Are lines 15 and 16 both gains? <input type="checkbox"/> Yes. Go to line 18. <input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.		
18 Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet in the instructions . . . ►	18	
19 Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions ►	19	
20 Are lines 18 and 19 both zero or blank? <input type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). Do not complete lines 21 and 22 below. <input type="checkbox"/> No. Complete the Schedule D Tax Worksheet in the instructions. Do not complete lines 21 and 22 below.		
21 If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the smaller of: • The loss on line 16 or • (\$3,000), or if married filing separately, (\$1,500) }	21	Maximum of (\$3,000)
Note. When figuring which amount is smaller, treat both amounts as positive numbers.		
22 Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b? <input type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). <input type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.		

SCHEDULE E
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on return

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040, 1040NR, or Form 1041.

▶ Information about Schedule E and its separate instructions is at www.irs.gov/form1040.

OMB No. 1545-0074

2012

Attachment
Sequence No. **13**

Your social security number

OWNERS NAME(S)

Part I Income or Loss From Rental Real Estate and Royalties **Note.** If you are in the business of renting personal property, use **Schedule C or C-EZ** (see instructions). If you are an individual, report farm rental income or loss from **Form 4835** on page 2, line 40.

A Did you make any payments in 2012 that would require you to file Form(s) 1099? (see instructions) ☐ Yes ☐ No
B If "Yes," did you or will you file required Forms 1099? ☐ Yes ☐ No

1a	Physical address of each property (street, city, state, ZIP code)				
A	OFFICIAL USPS MAILING ADDRESS				
B	OFFICIAL BUSINESS ADDRESS				
C					
1b	Type of Property (from list below)	2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days	Personal Use Days	QJV
A	2		A	REALLY?	
B	6		B		
C	4		C		

Type of Property:

- | | | | |
|---------------------------|------------------------------|-------------|--------------------|
| 1 Single Family Residence | 3 Vacation/Short-Term Rental | 5 Land | 7 Self-Rental |
| 2 Multi-Family Residence | 4 Commercial | 6 Royalties | 8 Other (describe) |

Income:		Properties:		A		B		C	
3	Rents received	3	RENTAL					RENTAL	
4	Royalties received	4			ROYALTY				
Expenses:									
5	Advertising	5							
6	Auto and travel (see instructions)	6	TRAVEL						
7	Cleaning and maintenance	7							
8	Commissions	8							
9	Insurance	9							
10	Legal and other professional fees	10							
11	Management fees	11							
12	Mortgage interest paid to banks, etc. (see instructions)	12	BANK INT		ASSUME 6%		TO IMPUTE		
13	Other interest	13	OTHER INT		ASSUME 8%		DEBT AMOUNT		
14	Repairs	14							
15	Supplies	15							
16	Taxes	16	REVIEW						
17	Utilities	17							
18	Depreciation expense or depletion	18	REVIEW						
19	Other (list) ▶ DEPLETION	19			REVIEW				
20	Total expenses. Add lines 5 through 19	20							
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21							
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	()	()	()	
23a	Total of all amounts reported on line 3 for all rental properties	23a							
b	Total of all amounts reported on line 4 for all royalty properties	23b							
c	Total of all amounts reported on line 12 for all properties	23c							
d	Total of all amounts reported on line 18 for all properties	23d							
e	Total of all amounts reported on line 20 for all properties	23e							
24	Income. Add positive amounts shown on line 21. Do not include any losses	24							
25	Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25	()					
26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26						MAX OF \$ 25K*	

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

Cat. No. 11344L

Schedule E (Form 1040) 2012

Name(s) shown on return. Do not enter name and social security number if shown on other side.

Your social security number

Caution. The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.**Part II Income or Loss From Partnerships and S Corporations** **Note.** If you report a loss from an at-risk activity for which any amount is **not** at risk, you **must** check the box in column (e) on line 28 and attach **Form 6198**. See instructions.**27** Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section. ☐ **Yes** ☐ **No**

	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	BUSINESS NAME	P	<input type="checkbox"/>	NOTE	<input type="checkbox"/>
B			<input type="checkbox"/>		<input type="checkbox"/>
C			<input type="checkbox"/>		<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>

Passive Income and Loss			Nonpassive Income and Loss		
(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1	
A	PASSIVE LOSS	PASSIVE INCOME	EARNED LOSS	179 DEPRECIATION	EARNED INCOME
B					
C					
D					
29a	Totals				
b	Totals				
30	Add columns (g) and (j) of line 29a			30	
31	Add columns (f), (h), and (i) of line 29b			31	()
32	Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below			32	

Part III Income or Loss From Estates and Trusts

	(a) Name	(b) Employer identification number
A	NAME OF ESTATE OR TRUST (POTENTIAL ASSET SOURCE) LOOK FOR 10401 K-1, ETC.	
B		

Passive Income and Loss			Nonpassive Income and Loss		
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1		
A					
B					
34a	Totals				
b	Totals				
35	Add columns (d) and (f) of line 34a			35	
36	Add columns (c) and (e) of line 34b			36	()
37	Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below			37	

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) – Residual Holder

	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
38					
39	Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below				39

Part V Summary

40	Net farm rental income or (loss) from Form 4835. Also, complete line 42 below	40	FARM RENTAL
41	Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17, or Form 1040NR, line 18 ▶	41	
42	Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code U; and Schedule K-1 (Form 1041), box 14, code F (see instructions)	42	
43	Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 or Form 1040NR from all rental real estate activities in which you materially participated under the passive activity loss rules	43	

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**Schedule K-1
(Form 1041)**Department of the Treasury
Internal Revenue Service**2012**For calendar year 2012,
or tax year beginning _____, 2012,
and ending _____, 20 _____☐ Final K-1☐ Amended K-1

OMB No. 1545-0092

**Beneficiary's Share of Income, Deductions,
Credits, etc.**

► See back of form and instructions.

Part I Information About the Estate or Trust**A** Estate's or trust's employer identification number**B** Estate's or trust's name**C** Fiduciary's name, address, city, state, and ZIP code**D** ☐ Check if Form 1041-T was filed and enter the date it was filed
_____**E** ☐ Check if this is the final Form 1041 for the estate or trust**Part II Information About the Beneficiary****F** Beneficiary's identifying number**G** Beneficiary's name, address, city, state, and ZIP code**H** ☐ Domestic beneficiary☐ Foreign beneficiary

For IRS Use Only

**Part III Beneficiary's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Interest income	11	Final year deductions
2a	Ordinary dividends		
2b	Qualified dividends		
3	Net short-term capital gain		
4a	Net long-term capital gain		
4b	28% rate gain	12	Alternative minimum tax adjustment
4c	Unrecaptured section 1250 gain		
5	Other portfolio and nonbusiness income		
6	Ordinary business income		
7	Net rental real estate income		
8	Other rental income	13	Credits and credit recapture
9	Directly apportioned deductions		
		14	Other information
10	Estate tax deduction		

*See attached statement for additional information.

Note. A statement must be attached showing the beneficiary's share of income and directly apportioned deductions from each business, rental real estate, and other rental activity.

For Paperwork Reduction Act Notice, see the Instructions for Form 1041.

IRS.gov/form1041

Cat. No. 11380D

Schedule K-1 (Form 1041) 2012

**Schedule K-1
(Form 1065)**Department of the Treasury
Internal Revenue Service**2012**For calendar year 2012, or tax
year beginning _____, 2012
ending _____, 20____**Partner's Share of Income, Deductions,
Credits, etc.**

▶ See back of form and separate instructions.

Part I Information About the Partnership**A** Partnership's employer identification number _____**B** Partnership's name, address, city, state, and ZIP code _____**C** IRS Center where partnership filed return _____**D** ☐ Check if this is a publicly traded partnership (PTP)**Part II Information About the Partner****E** Partner's identifying number _____**F** Partner's name, address, city, state, and ZIP code _____**G** ☐ General partner or LLC
member-manager☐ Limited partner or other LLC
member**H** ☐ Domestic partner☐ Foreign partner**I1** What type of entity is this partner? (see instructions) _____**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
(see instructions) ☐**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning		Ending
Profit	%		%
Loss	%		%
Capital	%		%

K Partner's share of liabilities at year end:

Nonrecourse	\$	_____
Qualified nonrecourse financing	\$	_____
Recourse	\$	_____

L Partner's capital account analysis:

Beginning capital account	\$	_____
Capital contributed during the year	\$	_____
Current year increase (decrease)	\$	_____
Withdrawals & distributions	\$ (_____)	
Ending capital account	\$	_____

☐ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain) _____
M Did the partner contribute property with a built-in gain or loss?☐ Yes ☐ No

If "Yes," attach statement (see instructions)

☐ Final K-1☐ Amended K-1**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction	19	Distributions
13	Other deductions	20	Other information
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

Schedule K-1
(Form 1120S)
Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax
year beginning _____, 2012
ending _____, 20____

☐ Final K-1☐ Amended K-1

OMB No. 1545-0130

Shareholder's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

Part I Information About the Corporation		Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items	
A Corporation's employer identification number		1 Ordinary business income (loss)	13 Credits
B Corporation's name, address, city, state, and ZIP code		2 Net rental real estate income (loss)	
		3 Other net rental income (loss)	
		4 Interest income	
C IRS Center where corporation filed return		5a Ordinary dividends	
		5b Qualified dividends	14 Foreign transactions
		6 Royalties	
		7 Net short-term capital gain (loss)	
Part II Information About the Shareholder		8a Net long-term capital gain (loss)	
		8b Collectibles (28%) gain (loss)	
		8c Unrecaptured section 1250 gain	
		9 Net section 1231 gain (loss)	
D Shareholder's identifying number		10 Other income (loss)	15 Alternative minimum tax (AMT) items
E Shareholder's name, address, city, state, and ZIP code			
F Shareholder's percentage of stock ownership for tax year _____ %			
For IRS Use Only		11 Section 179 deduction	16 Items affecting shareholder basis
		12 Other deductions	
			17 Other information
* See attached statement for additional information.			

file to get money back. (See *Who Should File*, later.)

Gross income. This includes all income you receive in the form of money, goods, property, and services that is not exempt from tax. It also includes income from sources outside the United States or from the sale of your main home (even if you can exclude all or part of it). Include part of your social security benefits if:

1. You were married, filing a separate return, and you lived with your spouse at any time during 2012; or
2. Half of your social security benefits plus your other gross income and any tax-exempt interest is more than \$25,000 (\$32,000 if married filing jointly).

If either (1) or (2) applies, see the instructions for Form 1040 or 1040A, or Publication 915, Social Security and Equivalent Railroad Retirement Benefits, to figure the social security benefits you must include in gross income.

Common types of income are discussed in *Part Two* of this publication.

Community income. If you are married and your permanent home is in a community property state, half of any income described by state law as community income may be considered yours. This affects your federal taxes, including whether you must file if you do not file a joint return with your spouse. See Publication 555, Community Property, for more information.

Nevada, Washington, and California domestic partners. A registered domestic partner in Nevada, Washington, or California (or a person in California who is married to a person of the same sex) generally must report half the combined community income of the individual and his or her domestic partner (or California same-sex spouse). See Publication 555.

Self-employed individuals. If you are self-employed, your gross income includes the amount on line 7 of Schedule C (Form 1040), Profit or Loss From Business; line 1 of Schedule C-EZ (Form 1040), Net Profit From Business; and line 9 of Schedule F (Form 1040), Profit or Loss From Farming. See *Self-Employed Persons*, later, for more information about your filing requirements.



CAUTION If you do not report all of your self-employment income, your social security benefits may be lower when you retire.

Filing status. Your filing status depends on whether you are single or married and on your family situation. Your filing status is determined on the last day of your tax year, which is December 31 for most taxpayers. See *chapter 2* for an explanation of each filing status.

Age. If you are 65 or older at the end of the year, you generally can have a higher amount of gross income than other taxpayers before you must file. See *Table 1-1*. You are considered 65 on the day before your 65th birthday. For example, if your 65th birthday is on January 1, 2013, you are considered 65 for 2012.

Surviving Spouses, Executors, Administrators, and Legal Representatives

You must file a final return for a decedent (a person who died) if both of the following are true.

- You are the surviving spouse, executor, administrator, or legal representative.
- The decedent met the filing requirements at the date of death.

For more information on rules for filing a decedent's final return, see Publication 559, Survivors, Executors, and Administrators.

U.S. Citizens and Resident Aliens Living Abroad

To determine whether you must file a return, include in your gross income any income you received abroad, including any income you can exclude under the foreign earned income exclusion. For information on special tax rules that may apply to you, see Publication 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad. It is available online and at most U.S. embassies and consulates. See *How To Get Tax Help* in the back of this publication.

Residents of Puerto Rico

If you are a U.S. citizen and also a bona fide resident of Puerto Rico, you generally must file a U.S. income tax return for any year in which you meet the income requirements. This is in

addition to any legal requirement you may have to file an income tax return with Puerto Rico.

If you are a bona fide resident of Puerto Rico for the entire year, your U.S. gross income does not include income from sources within Puerto Rico. It does, however, include any income you received for your services as an employee of the United States or a U.S. agency. If you receive income from Puerto Rican sources that is not subject to U.S. tax, you must reduce your standard deduction. As a result, the amount of income you must have before you are required to file a U.S. income tax return is lower than the applicable amount in *Table 1-1* or *Table 1-2*. For more information, see Publication 570, Tax Guide for Individuals With Income From U.S. Possessions.

Individuals With Income From U.S. Possessions

If you had income from Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, or the U.S. Virgin Islands, special rules may apply when determining whether you must file a U.S. federal income tax return. In addition, you may have to file a return with the individual island government. See Publication 570 for more information.

Dependents

If you are a dependent (one who meets the dependency tests in *chapter 3*), see *Table 1-2* to find whether you must file a return. You also

Table 1-1. 2012 Filing Requirements for Most Taxpayers

IF your filing status is...	AND at the end of 2012 you were...*	THEN file a return if your gross income was at least...**
single	under 65	\$ 9,750
	65 or older	\$11,200
married filing jointly***	under 65 (both spouses)	\$19,500
	65 or older (one spouse)	\$20,650
	65 or older (both spouses)	\$21,800
married filing separately	any age	\$ 3,800
head of household	under 65	\$12,500
	65 or older	\$13,950
qualifying widow(er) with dependent child	under 65	\$15,700
	65 or older	\$16,850

* If you were born on January 1, 1948, you are considered to be age 65 at the end of 2012.

** Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States or from the sale of your main home (even if you can exclude part or all of it). Do not include any social security benefits unless (a) you are married filing a separate return and you lived with your spouse at any time during 2012 or (b) one-half of your social security benefits plus your other gross income and any tax-exempt interest is more than \$25,000 (\$32,000 if married filing jointly). If (a) or (b) applies, see the instructions for Form 1040 or 1040A or Publication 915 to figure the taxable part of social security benefits you must include in gross income. Gross income includes gains, but not losses, reported on Form 8949 or Schedule D. Gross income from a business means, for example, the amount on Schedule C, line 7, or Schedule F, line 9. But, in figuring gross income, do not reduce your income by any losses, including any loss on Schedule C, line 7, or Schedule F, line 9.

*** If you did not live with your spouse at the end of 2012 (or on the date your spouse died) and your gross income was at least \$3,800, you must file a return regardless of your age.

Table 1-2. 2012 Filing Requirements for Dependents

See [chapter 3](#) to find out if someone can claim you as a dependent.

If your parents (or someone else) can claim you as a dependent, and any of the situations below apply to you, you must file a return. (See [Table 1-3](#) for other situations when you must file.)

In this table, earned income includes salaries, wages, tips, and professional fees. It also includes taxable scholarship and fellowship grants. (See [Scholarships and fellowships](#) in chapter 12.) Unearned income includes investment-type income such as taxable interest, ordinary dividends, and capital gain distributions. It also includes unemployment compensation, taxable social security benefits, pensions, annuities, cancellation of debt, and distributions of unearned income from a trust. Gross income is the total of your earned and unearned income.

Single dependents—Were you **either** age 65 or older or blind?

- ☐ **No.** You must file a return if **any** of the following apply.
- Your unearned income was more than \$950.
 - Your earned income was more than \$5,950.
 - Your gross income was more than the **larger** of:
 - \$950, or
 - Your earned income (up to \$5,650) plus \$300.
- ☐ **Yes.** You must file a return if **any** of the following apply.
- Your unearned income was more than \$2,400 (\$3,850 if 65 or older **and** blind).
 - Your earned income was more than \$7,400 (\$8,850 if 65 or older **and** blind).
 - Your gross income was more than the **larger** of:
 - \$2,400 (\$3,850 if 65 or older **and** blind), or
 - Your earned income (up to \$5,650) plus \$1,750 (\$3,200 if 65 or older **and** blind).

Married dependents—Were you **either** age 65 or older or blind?

- ☐ **No.** You must file a return if **any** of the following apply.
- Your unearned income was more than \$950.
 - Your earned income was more than \$5,950.
 - Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
 - Your gross income was more than the **larger** of:
 - \$950, or
 - Your earned income (up to \$5,650) plus \$300.
- ☐ **Yes.** You must file a return if **any** of the following apply.
- Your unearned income was more than \$2,100 (\$3,250 if 65 or older **and** blind).
 - Your earned income was more than \$7,100 (\$8,250 if 65 or older **and** blind).
 - Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
 - Your gross income was more than the **larger** of:
 - \$2,100 (\$3,250 if 65 or older **and** blind), or
 - Your earned income (up to \$5,650) plus \$1,450 (\$2,600 if 65 or older **and** blind).

must file if your situation is described in [Table 1-3](#).

Responsibility of parent. Generally, a child is responsible for filing his or her own tax return and for paying any tax on the return. If a dependent child must file an income tax return but cannot file due to age or any other reason, then a parent, guardian, or other legally responsible person must file it for the child. If the child cannot sign the return, the parent or guardian must sign the child's name followed by the words "By (your signature), parent for minor child."

Child's earnings. Amounts a child earns by performing services are included in his or her gross income and not the gross income of the parent. This is true even if under local law the child's parent has the right to the earnings and may actually have received them. But if the child does not pay the tax due on this income, the parent is liable for the tax.

Certain Children Under Age 19 or Full-Time Students

If a child's only income is interest and dividends (including capital gain distributions and Alaska Permanent Fund dividends), the child was under age 19 at the end of 2012 or was a full-time

student under age 24 at the end of 2012, and certain other conditions are met, a parent can elect to include the child's income on the parent's return. If this election is made, the child does not have to file a return. See [Parent's Election To Report Child's Interest and Dividends](#) in chapter 30.

Self-Employed Persons

You are self-employed if you:

- Carry on a trade or business as a sole proprietor,
- Are an independent contractor,
- Are a member of a partnership, or
- Are in business for yourself in any other way.

Self-employment can include work in addition to your regular full-time business activities, such as certain part-time work you do at home or in addition to your regular job.

You must file a return if your gross income is at least as much as the filing requirement amount for your filing status and age (shown in [Table 1-1](#)). Also, you must file Form 1040 and Schedule SE (Form 1040), Self-Employment Tax, if:

1. Your net earnings from self-employment (excluding church employee income) were \$400 or more, or
2. You had church employee income of \$108.28 or more. (See [Table 1-3](#).)

Use Schedule SE (Form 1040) to figure your self-employment tax. Self-employment tax is comparable to the social security and Medicare tax withheld from an employee's wages. For more information about this tax, see Publication 334, Tax Guide for Small Business.

Employees of foreign governments or international organizations. If you are a U.S. citizen who works in the United States for an international organization, a foreign government, or a wholly owned instrumentality of a foreign government, and your employer is not required to withhold social security and Medicare taxes from your wages, you must include your earnings from services performed in the United States when figuring your net earnings from self-employment.

Ministers. You must include income from services you performed as a minister when figuring your net earnings from self-employment, unless you have an exemption from self-employment tax. This also applies to Christian Science practitioners and members of a religious order who have not taken a vow of poverty. For more information, see Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers.

Aliens

Your status as an alien—resident, nonresident, or dual-status—determines whether and how you must file an income tax return.

The rules used to determine your alien status are discussed in Publication 519, U.S. Tax Guide for Aliens.

Resident alien. If you are a resident alien for the entire year, you must file a tax return following the same rules that apply to U.S. citizens. Use the forms discussed in this publication.

Nonresident alien. If you are a nonresident alien, the rules and tax forms that apply to you are different from those that apply to U.S. citizens and resident aliens. See Publication 519 to find out if U.S. income tax laws apply to you and which forms you should file.

Dual-status taxpayer. If you are a resident alien for part of the tax year and a nonresident alien for the rest of the year, you are a dual-status taxpayer. Different rules apply for each part of the year. For information on dual-status taxpayers, see Publication 519.

Who Should File

Even if you do not have to file, you should file a federal income tax return to get money back if any of the following conditions apply.

1. You had federal income tax withheld or made estimated tax payments.
2. You qualify for the earned income credit. See [chapter 35](#) for more information.

Table 1-3. Other Situations When You Must File a 2012 Return

You must file a return if any of the four conditions below apply for 2012.	
1.	You owe any special taxes, including any of the following. <ul style="list-style-type: none"> a. Alternative minimum tax. b. Additional tax on a qualified plan, including an individual retirement arrangement (IRA), or other tax-favored account. But if you are filing a return only because you owe this tax, you can file Form 5329 by itself. c. Household employment taxes. But if you are filing a return only because you owe this tax, you can file Schedule H by itself. d. Social security and Medicare tax on tips you did not report to your employer or on wages you received from an employer who did not withhold these taxes. e. Recapture of first-time homebuyer credit. f. Write-in taxes, including uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on group-term life insurance and additional taxes on health savings accounts. g. Recapture taxes.
2.	You (or your spouse, if filing jointly) received HSA, Archer MSA, or Medicare Advantage MSA distributions.
3.	You had net earnings from self-employment of at least \$400.
4.	You had wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.

3. You qualify for the additional child tax credit. See [chapter 33](#) for more information.
4. You qualify for the health coverage tax credit. See [chapter 36](#) for more information.
5. You qualify for the refundable credit for prior year minimum tax.
6. You qualify for the American opportunity credit. See [chapter 34](#) for more information.
7. You qualify for the credit for federal tax on fuels. See [chapter 36](#) for more information.

3. You do not claim any dependents.
4. Your taxable income is less than \$100,000.
5. Your income is only from wages, salaries, tips, unemployment compensation, Alaska Permanent Fund dividends, taxable scholarship and fellowship grants, and taxable interest of \$1,500 or less.
6. You do not claim any adjustments to income, such as a deduction for IRA contributions or student loan interest.
7. You do not claim any credits other than the earned income credit.
8. You do not owe any household employment taxes on wages you paid to a household employee.
9. If you earned tips, they are included in boxes 5 and 7 of your Form W-2.
10. You are not a debtor in a chapter 11 bankruptcy case filed after October 16, 2005.

- d. Capital gain distributions,
- e. IRA distributions,
- f. Pensions and annuities,
- g. Unemployment compensation,
- h. Taxable social security and railroad retirement benefits, and
- i. Taxable scholarship and fellowship grants.

If you receive a capital gain distribution that includes unrecaptured section 1250 gain, section 1202 gain, or collectibles (28%) gain, you cannot use Form 1040A. You must use Form 1040.

2. Your taxable income is less than \$100,000.
3. Your adjustments to income are for only the following items.
 - a. Educator expenses.
 - b. IRA deduction.
 - c. Student loan interest deduction.
 - d. Tuition and fees.
4. You do not itemize your deductions.
5. You claim only the following tax credits.
 - a. The credit for child and dependent care expenses. (See [chapter 31](#).)
 - b. The credit for the elderly or the disabled. (See [chapter 32](#).)
 - c. The education credits. (See [chapter 34](#).)
 - d. The retirement savings contribution credit. (See [chapter 36](#).)
 - e. The child tax credit. (See [chapter 33](#).)
 - f. The earned income credit. (See [chapter 35](#).)
 - g. The additional child tax credit. (See [chapter 33](#).)

You must meet all of these requirements to use Form 1040EZ. If you do not, you must use Form 1040A or Form 1040.

Figuring tax. On Form 1040EZ, you can use only the tax table to figure your income tax. You cannot use Form 1040EZ to report any other tax.

Form 1040A

If you do not qualify to use Form 1040EZ, you may be able to use Form 1040A.

You can use Form 1040A if all of the following apply.

1. Your income is only from:
 - a. Wages, salaries, and tips,
 - b. Interest,
 - c. Ordinary dividends (including Alaska Permanent Fund dividends),

Which Form Should I Use?

You must use one of three forms to file your return: Form 1040EZ, Form 1040A, or Form 1040. (But also see [Does My Return Have To Be on Paper](#), later.)



See the discussion under Form 1040 for when you must use that form.

Form 1040EZ

Form 1040EZ is the simplest form to use.

You can use Form 1040EZ if all of the following apply.

1. Your filing status is single or married filing jointly. If you were a nonresident alien at any time in 2012, your filing status must be married filing jointly.
2. You (and your spouse if married filing a joint return) were under age 65 and not blind at the end of 2012. If you were born on January 1, 1948, you are considered to be age 65 at the end of 2012.

ATTACHMENT TO GEN-12-11
IRS Tax Return Transcript, IRS Tax Account Transcript, and IRS Record of Account Request
Process

Tax filers can request from the IRS an IRS Tax Return Transcript or an IRS Tax Account Transcript of their 2012 IRS tax return, free of charge, in one of four ways.

Online Request

- Available on the IRS Web site at www.irs.gov
- In the **Tools** section of the homepage click “Order a Return or Account Transcript”
- Click “Order a Transcript”
- Enter the tax filer’s social security number, date of birth, street address, and zip or postal code. Use the address currently on file with the IRS. Generally this will be the address that was listed on the latest tax return filed. However, if an address change has been completed either through the IRS or the US Postal Service, the IRS may have the updated address on file, which should be used. For a joint tax return, use the primary tax filer’s social security number, date of birth, street address, and zip or postal code.
- Click “Continue”
- In the **Type of Transcript** field, select “Return Transcript” or “Account Transcript” and in the **Tax Year** field, select “2012”.
- If successfully validated, tax filers can expect to receive a paper IRS Tax Return Transcript or an IRS Tax Account Transcript, whichever was requested, at the address included in their online request, within 5 to 10 business days from the time the online request was successfully transmitted to the IRS.
- IRS Tax Return Transcripts and IRS Tax Account Transcripts requested online cannot be mailed to an address other than the address on file with the IRS.

Telephone Request

- Available from the IRS by calling 1-800-908-9946
- Tax filers must follow prompts to enter their social security number and the numbers in their street address. Generally this will be numbers of the street address that was listed on the latest tax return filed. However, if an address change has been completed either through the IRS or the US Postal Service, the IRS may have the updated address on file. For a joint tax return, use the primary tax filer’s social security number, date of birth, street address, and zip or postal code.

- Select “**Option 1**” to request an IRS Tax Account Transcript or select “**Option 2**” to request an IRS Tax Return Transcript and then enter “**2012**”.
- If successfully validated, tax filers can expect to receive a paper IRS Tax Return Transcript or an IRS Tax Account Transcript, whichever was requested, at the address included in their telephone request, within 5 to 10 business days from the time the IRS receives the request.
- IRS Tax Return Transcripts and IRS Tax Account Transcripts requested by telephone cannot be mailed to an address other than the address on file with the IRS.

Paper Request Form – IRS Form 4506T-EZ

- IRS Form 4506T-EZ should be used only when requesting an IRS Tax Return Transcript. [See below for information on using IRS Form 4506-T for requesting an IRS Tax Account Transcript and an IRS Record of Account.]
- Download at <http://www.irs.gov/pub/irs-pdf/f4506tez.pdf>
- Complete lines 1 – 4, following the instructions on page 2 of the form. Note that line 3 should be the most current address as filed with the IRS. It is the address where the IRS Tax Return Transcript will be sent. If the address has recently changed, include the address listed on the latest tax return filed on Line 4. However, if an address change has been completed through either the IRS or the US Postal Service, the IRS may have the updated address on file.
- Line 5 provides tax filers with the option to have their IRS Tax Return Transcript mailed directly to a third party by the IRS.
Institutions are responsible for notifying aid applicants whether to list the institution as the third party to receive the Transcript or not. Some institutions may have difficulty matching a parent’s incoming IRS Tax Return Transcript to the aid applicant, as the two names may be different.
- On line 6, enter “2012” to receive tax information for the 2012 tax year that is required for the 2013-2014 FAFSA.

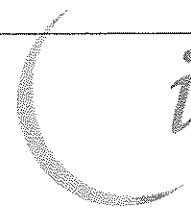
- The tax filers must sign and date the form and enter their telephone number. Transcripts of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign the Form 4506T-EZ exactly as your name appeared on the original return. If you changed your name, also sign your current name.
- Mail or fax the completed IRS Form 4506T-EZ to the appropriate address (or FAX number) provided on page 2 of Form 4506T-EZ.
- Tax filers can expect to receive their transcript within 10 business days from the time the IRS receives and processes their signed request. NOTE: Processing Form 4506T-EZ means verifying/validating the information provided on the form. If any information does not match IRS records, the IRS will notify the tax filer that it was not able to provide the transcript.

Paper Request Form – IRS Form 4506-T

- IRS Form 4506-T should be used if requesting an IRS Tax Account Transcript or an IRS Record of Account. Note that IRS Form 4506-T is the only way to request an IRS Record of Account.
- Download at <http://www.irs.gov/pub/irs-pdf/f4506t.pdf>.
- Complete lines 1 – 4, following the instructions on page 2 of the form. Note that line 3 should be the most current address as filed with the IRS. It is the address where the IRS Tax Account Transcript or IRS Record of Account will be sent. If the address has recently changed, include the address listed on the latest tax return filed on Line 4. However, if an address change has been completed through the IRS or the US Postal Service, the IRS may have the updated address on file.
- Line 5 provides tax filers with the option to have their IRS Tax Account Transcript or IRS Record of Account mailed directly to a third party by the IRS.
- Institutions are responsible for notifying aid applicants whether to list the institution as the third party to receive the Transcript or not. Some institutions may have difficulty matching a parent's incoming IRS Tax Account Transcript or IRS Record of Account to the aid applicant, as the two names may be different.

- On line 6, enter the tax form number that you are requesting (1040, 1040A, 1040EZ, etc.) and then check the appropriate box for the transcript being requested. Only one tax form number can be used per request.
- On line 9, enter “12/31/2012” to receive IRS tax information for the 2012 tax year that is required for the 2013-2014 FAFSA.
- The tax filers must sign and date the form and enter their telephone number. Transcripts of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign the Form 4506-T exactly as your name appeared on the original return. If you changed your name, also sign your current name.
- Mail or fax the completed IRS Form 4506-T to the appropriate address (or FAX number) provided on page 2 of Form 4506-T.
- Tax filers can expect to receive their IRS Tax Account Transcript or IRS Record of Account within 30 calendar days from the time the IRS receives and processes their signed request. NOTE: Processing Form 4506-T means verifying/validating the information provided on the form. If any information does not match IRS records, the IRS will notify the tax filer that it was not able to provide the transcript or Record of Account.

Introduction



This publication is intended for financial aid administrators and counselors who help students begin the aid process—filing the Free Application for Federal Student Aid (FAFSA), verifying information, and making corrections and other changes to the information reported on the FAFSA.

Throughout the Handbook we use “college,” “school,” and “institution” interchangeably unless a more specific use is given. Similarly, “student,” “applicant,” and “aid recipient” are synonyms. “Parents” in this volume refers to the parents of dependent students, and “you” refers to the primary audience of the Handbook: financial aid administrators at colleges. “We” indicates the United States Department of Education (Department, ED), and “federal student aid” and “Title IV aid” are synonymous terms for the financial aid offered by the Department.

We appreciate any comments that you have regarding the Application and Verification Guide (AVG), as well as all the volumes of the Federal Student Aid Handbook. We revise and clarify the text in response to questions and feedback from the financial aid community, so please contact us at fsaschoolspubs@ed.gov to let us know how to improve the Handbook so that it is always clear and informative.

CHANGES FOR 2013–2014

In the margin note on page 5, we removed the paragraph on the substitute identification number for students from the Freely Associated States (FAS). Information on that issue remains in the margin note on page 10.

On page 19 we added a parenthetical note that Social Security disability benefits are not to be counted as untaxed income as are other types of disability benefits. Also on that page we removed the note about the homebuyer tax credit, which is no longer available.

We emphasized on page 23 that the relevant court for students who were or are emancipated or in a legal guardianship must be one of competent jurisdiction in the student’s state of legal residence.

In the chart on page 34, we updated the signature requirements for when a student or parent must document tax-related data on the FAFSA.

We removed mention of the FAS—the Marshall Islands, Federated States of Micronesia, and Palau—from the statement in the margin of page 35

about other tax forms that are considered equivalent to an IRS 1040A or EZ form. Residents of the FAS do not typically file tax returns and would be considered non-filers.

Our guidance for EFCs of 99,999 or more on page 37 was supposed to be for 2012–2013 only; however, it will be valid for at least one more year.

On pages 76–77 we describe the new verification tracking groups. There are five, and the items a student must verify depend on which group she is in.

On page 80 we included guidance for documenting verification for residents of the FAS, and we added the last sentence to the paragraph on those who file a non-U.S. tax return. In the margin we added the note on electronic signatures for verification and updated the HEROES Act note to say the act has been reauthorized through September 30, 2017.

On page 81 we extended the chart on acceptable documentation with entries on the two new items for verification: high school completion status and identity/statement of educational purpose.

We removed the section in Chapter 4 on what to do when a tax return transcript is unavailable. We will consider whether a similar provision is necessary following the end of tax return processing for 2012.

On page 82 we added the paragraph on what to do when a person did not report the receipt of SNAP benefits but did in fact receive those benefits. We included an example in the margin. Similarly, we added on page 84 a paragraph about when a student or parent pays child support and this is not reported on the FAFSA.

There are new sections on page 84 about verifying high school completion and identity/statement of educational purpose.

We amended some of the text under “Updating Information” on page 85 to enhance clarity.

We added a margin note on the permissibility of making an interim disbursement of just unsubsidized aid when a student expects to receive both subsidized and unsubsidized aid. See page 86.

On page 91 we clarified that verification status code of “S” is to be used for all verification exclusions except the one for post-enrollment, which should be reported as a blank.

At the end of *Chapter 4*, we included the new suggested verification text that replaces the verification worksheets. You may use these to create verification forms, or you may create your own forms. We also included a sample verification document for a dependent student selected for Verification Tracking Group V4.

We removed *Chapter 6*, on the MPN, and moved it to *Volume 8* of the *Blue Book*.

The **IRS Data Retrieval Tool (DRT)** allows students and parents who are using FAFSA on the Web and who have already submitted their federal tax return to electronically transfer their tax data from the IRS database. The ISIR will show that data was transferred and if it was altered. All students and parents of dependent students who indicate on the application that they have already filed a federal tax return and who are otherwise eligible to use the DRT will be directed to do so. Students and parents are strongly encouraged to make use of the DRT (though it is voluntary) because it is accurate, efficient, and useful for verification and corrections; see the relevant chapters in this guide.

Students or parents who filed a joint return but are divorced, separated, or widowed when the application is signed won't be able to copy the information from the tax forms or transfer data with the DRT. Instead, they must figure out how much of the income and taxes paid is attributable to them and not their spouses. For more on this calculation, see "Using a joint return to figure individual AGI and taxes paid" in *Chapter 4*.

If the student, spouse, or parents were not required to file a tax return, the student should still report any **income earned from work** in lines 38–39 (student and spouse) and lines 86–87 (parents). The W-2 form and other records should be used to determine these amounts. Do not include combat pay (see the margin note on page 12).

Income earned from work is used to calculate allowances for the Social Security and Medicare tax (aka the Federal Insurance Contributions Act or FICA tax) and for the added costs incurred by working families. For non-taxfilers it will also be used in place of AGI and will cause the application to be rejected if it is above the tax filing threshold.

For a fiscal year tax return, as opposed to one for the calendar year, the applicant should report information from the fiscal year return that includes the greater number of months in 2012.

If the student or parents filed a tax return using something other than a common IRS form, such as a foreign or Puerto Rican tax form, the student should report on the FAFSA the amounts (converted to U.S. dollars) from the lines of the form that correspond most closely to those on the common IRS forms.

- **Assets (40–42, 88–90 for parents).** An asset is property the family owns and that has an exchange value. The FAFSA collects current (as of the day of signing the FAFSA) data about cash, savings and checking accounts, investments, businesses, and investment farms. Most assets are **investments** such as college savings plans, Coverdell savings accounts, real estate, installment and land sale contracts (including mortgages held), trust funds, mutual funds, money market funds, UGMA and UTMA accounts, certificates of deposit, stocks, stock options, bonds, commodities, and precious metals. If the asset isn't a business or investment farm, it should be reported as an investment.

STEPS 2 & 4

Questions 35–42 and 83–90

Income, other tax data, and assets

Fiscal year return example

Owen's parents file a fiscal year tax return. They start their fiscal year in September. The return they filed for the fiscal year starting in September 2011 includes eight months in 2012. The return they'll file for the fiscal year starting in September 2012 only includes four months of 2012. Therefore, they should use the information from the tax return for the fiscal year that started in September 2011.

When there are U.S. and foreign tax returns

When a student or parent has returns from both a foreign nation and the United States for the same tax year, they should use the data from the U.S. return when filling out the FAFSA.

Other tax forms

The following tax forms are considered alternatives to a U.S. Form 1040A and 1040EZ: the income tax returns required by the tax codes of the Commonwealth of Puerto Rico, Guam, American Samoa, and the U.S. Virgin Islands. Information from these tax returns would be reported on the FAFSA in the same manner as U.S. tax information, and copies of these forms can be used for verification in the same way as U.S. tax forms are. Amounts are already reported in U.S. dollars, and the school should look at tax return line items that are comparable to the IRS line items for verification.

AGI worksheet for those who have not completed a tax return		
<i>Use this worksheet to estimate adjusted gross income (AGI) if you have not completed a tax return.</i>	<i>For question 35 Student/Spouse</i>	<i>For question 83 Parents</i>
Wages, salaries, tips, etc.	\$ _____ .00	\$ _____ .00
Interest income	+ _____ .00	+ _____ .00
Dividends	+ _____ .00	+ _____ .00
Other taxable income (alimony received, business and farm income, capital gains, pensions, annuities, rents, unemployment compensation, Social Security, Railroad Retirement, and all other taxable income)	+ _____ .00	+ _____ .00
Add all of the numbers in the column.	= _____ .00	= _____ .00
Subtract IRS-allowable adjustments to income (payments to IRA and Keogh plans, one-half of the self-employment tax, the self-employed health insurance deduction, the interest penalty on early withdrawal of savings, and alimony paid).	- _____ .00	- _____ .00
Total—write this amount in question 35 or 83.	\$ _____ .00	\$ _____ .00

Zero income

Occasionally an applicant will report no income for the base year. This can occur when the family has tax write-offs that produce a negative AGI or when the applicant neglected to report untaxed assistance. Zero income is noted in our CPS edits and may increase the likelihood that the applicant will be selected for verification. If the CPS does not select the student for verification, you may still choose to ask her for further information about her means of support during the base year. Also, you may use professional judgment (PJ) to adjust the income line items to reflect income the family receives that doesn't appear on the tax return.



Any cash support for the student, other than support from a parent for a dependent student, counts as untaxed income and must be reported. In-kind help (see page 21) from a friend or relative is not considered untaxed income, but you may use PJ to account for the value of that in-kind support. For example, you could adjust the room and board component of the cost of attendance (COA) for a student who lives with his aunt and eats meals with her family.

The FAFSA asks for the net worth of investments, which is their total current market value minus their associated debts. If their net worth is negative, the student reports a zero.

Similarly for **businesses and investment farms**, the current net worth is reported for land, buildings, machinery, equipment, livestock, and inventories. The current market value of a business or investment farm is reduced by the debt owed on it to determine the net worth. Business or farm debt means only those debts for which the business or farm was used as collateral.

Excluded assets—not to be reported on the FAFSA:

- **Possessions** such as a car, a stereo, clothes, or furniture are not reported as assets.
- **A family's principal place of residence** is not reported, even if it is part of a business.
- **A family farm** (including equipment, livestock, etc.) isn't included as an investment on the FAFSA if:
 - it is the principal place of residence for the applicant and his family (spouse or, for dependent students, parents), and
 - the applicant (or parents of a dependent student) materially participated in the farming operation.
- **Family-owned and controlled small businesses** (which can include farms) that have 100 or fewer full-time or full-time equivalent employees do not count as an asset. "Family-owned and controlled" means that more than 50% of the business is owned by persons who are directly related or are or were related by marriage (family members do not have to be counted in the household size for this question).
- **Retirement plans and whole life insurance.** The value of retirement plans—401(k) plans, pension funds, annuities, non-education IRAs, Keogh plans, etc.—is not counted as an asset, but distributions do count as income; they appear in the AGI if taxable and in questions 44 and 92 if untaxed. Similarly, the cash value or equity of a whole life insurance policy isn't reported as an asset, but an insurance settlement does count as income.

The full amount of the distribution is reported, whether it was a lump sum or annual distribution, and it will count as taxable or untaxed income, as appropriate. An exception to reporting pension distributions is when they are rolled over into another retirement plan in the same tax year.

- **Excluded assets for Native American students.** The law excludes reporting any property received under the Per Capita Act or the Distribution of Judgment Funds Act (25 U.S. Code 1401, *et seq.*), the Alaska Native Claims Settlement Act (43 U.S. Code 1601, *et seq.*), or the Maine Indian Claims Settlement Act (25 U.S. Code 1721, *et seq.*).

STEPS 2 & 4

Questions 40–42 and 88–90 Assets

Simplified needs test

The law provides a "simplified EFC" calculation for a student who meets certain income and tax filing requirements. If the applicant is eligible based on the information on the FAFSA, the CPS will automatically exclude assets from the EFC calculation. However, some states and schools require this information for their own aid programs.

Rental properties

Rental properties are an asset. A unit within a family home that has its own entrance, kitchen, and bath (therefore a rented bedroom would not count) and that is rented to someone other than a family member counts as an asset. To calculate its net value, multiply the net value of the entire structure by the fraction the rented space represents. Similarly, if a family owned a 10-unit apartment building and lived in one of the apartments, 9/10 or 90% of the net value of the building would be an asset.

At times a student or parent will claim rental property as a business. Generally, it must be reported as real estate instead. A rental property would have to be part of a formally recognized business to be reported as such, and it usually would provide additional services like regular cleaning, linen, or maid service.

STEPS 2 & 4

Qualified tuition programs

UGMA and UTMA accounts

The Uniform Gifts and Uniform Transfers to Minors Acts (UGMA and UTMA) allow the establishment of an account for gifts of cash and financial assets for a minor without the expense of creating a trust. Because the minor is the owner of the account, it counts as his asset on the FAFSA, not the asset of the custodian, who is often the parent.

NOTE ~ ↑

Qualified education benefits

Qualified tuition programs (QTPs, also known as section 529 plans because they are covered in section 529 of the IRS tax code) and Coverdell education savings accounts are grouped together in the law as qualified education benefits and have the same treatment: they are an asset of the owner (not the beneficiary because the owner can change the beneficiary at any time) except when the owner is a dependent student, in which case they are an asset of the parent. When the owner is some other person (including a non-custodial parent), distributions from these plans to the student count as untaxed income, as “money received.”

States, their agencies, and some colleges sponsor plans known in the IRS tax code as qualified tuition programs. The IRS mentions two types of QTPs that are commonly called prepaid tuition plans and college savings plans. States may offer both plan types, but colleges may only sponsor prepaid tuition plans.

Prepaid tuition plans allow a person to buy tuition credits or certificates, which count as units of attendance. The number of units doesn’t change even though tuition will likely increase before the beneficiary gets to use the tuition credits. They are an asset of the plan owner, and their worth is the refund value of the credits or certificates.

College savings plans allow a benefactor to deposit money into an account that will be used for the beneficiary’s college expenses. The buyer does not pre-purchase tuition credits as with a prepaid tuition plan. Rather, this type of plan is essentially a savings account, and its value as an asset is the current balance of the account.

Coverdell education savings accounts, or ESAs, are another tax-advantaged savings vehicle for college education. They are treated the same as college savings plans: the current balance is an asset of the account owner.

As long as distributions from QTPs and ESAs do not exceed the qualified education expenses for which they are intended, they are tax-free, so they will not appear in the next year’s AGI. They should not be treated as untaxed income (except in the cases mentioned above) or as estimated financial assistance. For more information on these benefits, see the IRS’s Publication 970, *Tax Benefits for Education*.

Reporting “take-back” mortgages

In a take-back mortgage, the seller of a house finances a portion of its cost for the buyer, who repays this additional mortgage to the seller. The seller reports the interest part of any payments received from the buyer on Schedule B of IRS Form 1040. Therefore, if a student or his parents report such interest on the tax return, it likely indicates an asset that should be reported on the FAFSA: the value of the take-back mortgage. There would be no debt reported against this asset. For example, if a dependent student’s parents sold their house for \$200,000 and financed a take-back mortgage of \$40,000 to the buyer, the parents should report \$40,000 as the net worth of the investment. The worth will decrease each year depending on how much of the principal the buyer paid back that year. This concept applies to other forms of seller financing of the sale of a home or other property.

Reporting trust funds

Trust funds in the name of a student, spouse, or parent should be reported as that person's asset on the application, generally even if the beneficiary's access to the trust is restricted. If the settlor of a trust has voluntarily placed restrictions on its use, then the student should report its present value as an asset, as discussed below. If a trust has been restricted by court order, however, the student should not report it. An example of such a restricted trust is one set up by court order to pay for future surgery for the victim of a car accident.

How the trust must be reported depends on whether the student (or dependent student's parent) receives or will receive the interest income, the trust principal, or both. In the case of a divorce or separation where the trust is owned jointly and ownership is not being contested, the property and the debt are equally divided between the owners for reporting purposes unless the terms of the trust specify some other method of division.

Interest only

If a student, spouse, or parent receives only the interest from the trust, any interest received in the base year must be reported as income. If the interest accumulates and is not paid out, the recipient must report an asset value for the interest she will receive. The trust officer can usually calculate the value of the interest the person will receive while the trust exists. This value represents the amount a third person would be willing to pay for the interest income.

Principal only

The person who will receive only the trust principal must report as an asset the present value of his right to that principal. For example, if a \$10,000 principal reverts to a dependent student's parents when the trust ends in 10 years and the student is receiving the interest, he would report the interest he received as income and report as a parental asset the present value of his parents' rights to the principal. The present value of the principal can be calculated by the trust officer; it's the amount that a third person would pay for the right to receive the principal 10 years from now—basically, the amount that one would have to deposit now to receive \$10,000 in 10 years.

Both principal and interest

If a student, spouse, or parent receives both the interest and the principal from the trust, the student should report the present value of both interest and principal, as described in the discussion of principal only. If the trust is set up so that the interest accumulates within the trust until it ends, the beneficiary should report as an asset the present value of the interest and principal that she is expected to receive when the trust ends.

Ownership of an asset

In some cases the ownership of an asset is divided or contested, which can affect how the student reports the asset.

Part ownership of asset

If the parent or student has only part ownership of an asset, the student should report only the owned part. Generally the value of an asset and debts against it should be divided equally by the number of people who share ownership unless the share of the asset is determined by the amount invested or the terms of the arrangement specify some other means of division.

Contested ownership

Assets shouldn't be reported if the ownership is being contested. For instance, if the parents are separated and can't sell or borrow against jointly owned property because it's being contested, the parent reporting FAFSA information would not list any net worth for the property. However, if the ownership of the property is not being contested, the parent would report the property as an asset. If ownership of an asset is resolved after the initial application is filed, the student can't update this information.

Lien against, and imminent foreclosure of, an asset

If there's a lien against the asset, the net value of the asset is determined by subtracting from its total value any associated debt as well as the amount of the lien. If foreclosure of an asset is imminent, the net value of the asset would still be reported until the party making the foreclosure completes legal action to take possession of the asset. If the status of the property changes after the application is filed, the student can't update the asset information.

STEPS 2 & 4

Questions 43 and 91

Taxable income offsets

American Opportunity credit

Part of this credit can be refundable, that is, payable to tax filers even if they do not owe any federal income tax. The nonrefundable portion appears on the same lines of the tax return and the FAFSA as the Lifetime Learning credit. The refundable portion appears on line 66 of the 1040 form and line 40 of the 1040A. It does not appear on the lines of the FAFSA for the education tax credits, nor does it count as untaxed income.

Reimbursements and stipends

Employers often help with education costs by paying stipends or reimbursing employees for classes taken. These benefits count as estimated financial assistance (or reduce the cost of attendance) even if they aren't received until the end of the class(es) and are contingent on earning a minimum grade. Any taxable portion received in the prior year and appearing in the AGI is entered in question 43 or 91.

Child support payments example

Steven and his wife each have a child from a previous relationship who doesn't live with them and for whom they pay child support. Because Steven provides over half of his daughter's support through his payments, he counts her in his household size. Therefore, he doesn't report the amount of child support he pays on his FAFSA. Steven's wife isn't providing over half of her son's support, so he isn't included in Steven's household size. Therefore, Steven can report the amount of child support his wife pays.

- **Taxable income offsets (43 and 91).** These questions total certain types of income and other monies that are excluded from income in the need analysis. The CPS subtracts these excluded amounts from the AGI when calculating the EFC.

a. Education tax credits. These are the American Opportunity and Lifetime Learning tax credits; the FAFSA refers to lines 49 and 31 on the 1040 and 1040A tax returns respectively. See the margin note.

b. Child support payments. Count those *made* during 2012 because of divorce, separation, or legal requirement by the student, spouse, or parent whose income is reported on the FAFSA. Don't include support for children in the household (see the example in the margin). Also, don't count child support *received* for a child in the household size; that is considered untaxed income.

c. Taxable earnings from need-based work programs. These are earnings from any need-based work program, including Federal Work-Study and need-based employment portions of fellowships or assistantships. The student uses the W-2s or other records she received for these earnings.

d. Student grant and scholarship aid. A student reports **only** the amount of grants and scholarships received that is taxable income. This includes grant and scholarship (not employment) portions of fellowships and assistantships, as well as taxable stipends and employer tuition reimbursements. Include also AmeriCorps benefits (awards, living allowances, and interest accrual payments) except those for health care or child care. The filer usually writes the taxable amount of the grant or scholarship separately on the tax form next to the line where wages and other earnings are reported. If the amount was reported this way, the student can copy it from the tax form.

e. Combat pay. Enter only the portion that was included in adjusted gross income. This should be zero for enlisted persons and warrant officers (including commissioned warrant officers) because their combat pay is entirely non-taxable. For commissioned officers generally, combat pay in excess of the highest enlisted person's pay (plus imminent danger/hostile fire pay) is taxable. To determine the taxable amount, find the total combat pay from the serviceperson's leave and earnings statements and subtract the untaxed portion, which is reported in box 12 of the W-2 form with code Q. See IRS Publication 3, *Armed Forces' Tax Guide*, for more information.

f. College cooperative education program earnings from work. The student uses the W-2s or other records she received for these earnings.

- **Untaxed income (44 and 92).** These questions total the untaxed income, some of which is reported on the tax form even though it isn't taxed. A student who hasn't filed a return will have to estimate these amounts, and students or parents may need to separate information from a joint return.

STEPS 2 & 4

Questions 44 and 92

Untaxed income

a. Payments to tax-deferred or sheltered pension and savings plans (paid directly or withheld from earnings). This includes untaxed portions of 401(k) and 403(b) plans. These types of payments are listed in boxes 12a through 12d of the W-2 and will have one of the following codes: D, E, F, G, H, or S. Note that employer contributions to these plans shouldn't be reported as an untaxed benefit.

b. Deductible IRA or Keogh payments. Payments to an IRA or Keogh plan that are excluded from taxation are reported as untaxed income. These amounts appear on the tax return.

c. Child support received for all children.

d. Tax-exempt interest income. Certain types of interest, such as interest on municipal bonds, are tax-exempt. This amount is on line 8b on both the 1040 and 1040A forms.

e. and f. Untaxed IRA distributions and pension or annuity payments. A tax filer determines how much of his IRA distribution or pension or annuity payment is taxable when he completes his tax return. The applicant reports the untaxed portion, which is determined from the tax return, but should not include rollovers (transfers of funds from one IRA to another).

g. Housing, food, and other living allowances. Some people, particularly clergy and military personnel, receive these allowances as compensation for their jobs. Money received to pay for rent should also be reported, as should the free use of a house or apartment (the rent or market value of a comparable house or apartment can be used). Similarly, if the student received free room or board in 2012 for a job that was not awarded as student financial aid (including resident advisor positions that provide free room and board as part of the student's non-need-based employment compensation), she must report the value of the room and board as untaxed income. Note the housing exclusions on the following page.

h. Veterans' noneducation benefits. This includes disability, the death pension, Dependency and Indemnity Compensation (DIC), and Veterans Affairs (VA) educational work-study allowances.

i. Any other untaxed income not reported elsewhere. This can include disability (but not Social Security disability), worker's compensation, interest income on education IRAs, untaxed portions of Railroad Retirement benefits, black lung benefits, refugee assistance, the untaxed portion of capital gains, and foreign income that wasn't taxed by any government and isn't part of the Foreign Earned Income Exclusion.

j. Money received (44 only). The student reports any cash support he received, but if dependent he does not count his parents' support, with one exception: money from a non-custodial parent that is not part of a legal child support agreement is untaxed income to the student. Cash support includes money, gifts, and loans, plus housing, food, clothing,

Health savings accounts

Health savings accounts (HSAs) resemble tax-deferred pension and savings plans more than flexible spending arrangements; for example, the balance in an HSA persists from year to year, while that in a flexible spending arrangement must be spent on qualified expenses by the end of the year. Therefore, treat tax-free contributions to an HSA as untaxed income; these will appear on line 25 of the 2012 IRS Form 1040. The balance in the account does not count as an asset, nor would distributions from it count as untaxed income when they are used for qualified medical expenses. Distributions not used for qualified expenses are subject to income tax (and a possible penalty) and will be counted in the adjusted gross income.

Independent student with parental support example

Doug is a graduate student, so he's independent even though he still lives with his parents and has no income of his own. Although the FAA at his school can't make him a dependent student, she can decide to use professional judgment to add an amount to his untaxed income to account for the in-kind support his parents provide.

STEPS 2 & 4

Untaxed income not reported on the FAFSA

Box 14 items on the W-2

Schools are not required to review income listed in box 14 of the IRS's W-2 form. There are a few reasons for this. Several of the items the IRS suggests could be reported in box 14 are captured already on the FAFSA (in adjusted gross income for instance); also, employers could include in box 14 certain non-elective pension plan contributions, and non-elective contributions should not be counted in the need analysis. Finally, because no employer is required to provide information in box 14, it is unlikely that employers will be consistent in what they report there.

But if you are aware that a box 14 item should be reported—i.e., if it represents discretionary income—you should count it on the pertinent line. For example, clergy parsonage allowances often appear in box 14, and you would count that on line g of question 44 or 92.

Dependent benefits example

Stanislaw's uncle Yvor lives with him and receives a small disability payment each month. This amount is paid directly to Yvor, so Stanislaw doesn't report it as income when he completes the FAFSA. The payment is small enough that Stanislaw is still providing more than half of Yvor's support, and because he expects to continue to provide more than half support during the award year, he includes Yvor as a dependent in his household size. However, starting the July after the current award year, Yvor expects to also start receiving a pension. The combination of the pension and the disability payment will be enough that Stanislaw won't be providing more than half of his uncle's support and therefore won't be able to include Yvor in his household size after this award year.

car payments or expenses, medical and dental care, college costs, and money paid to someone else on his behalf. For example, if a friend or relative pays his electric bill or part of his rent, he must report the amount as untaxed income. If he is living with a friend who pays the rent and the student's name is on the lease, the rent paid on his behalf counts as cash support because he is responsible for payments that his friend is making. Note that this item does not appear in the parents' question—only the student reports this information.

Tips on reporting benefits:

The student reports the actual amount of benefits received during the year, even if it is an underpayment or an overpayment that will be corrected in the next year. However, if the underpayment or overpayment was adjusted in the same year, only the net amount received during that year would be reported.

Benefits the student or parent receives on behalf of anyone included in his FAFSA household size count as income to him unless the person is an adult, e.g., a grandmother (a child would not count) who receives the benefits in her name. Such a person is not included in the household size if benefits in her name total more than half of her support.

Income and benefits NOT to be included:

- **Student aid** is accounted for in packaging (see *Volume 3: Calculating Awards and Packaging*); it does not count as income in the calculation of the EFC. Student aid includes tuition benefits a parent receives for a dependent, such as those from the parent's employer. Student aid that was included in the AGI is reported separately as an exclusion so that it can be subtracted from income.
- **Veterans' education benefits.** Appendix A in *Chapter 7 of Volume 3* for 2012–2013 has the list of excluded benefits. See also the August 13, 2009, electronic announcement at www.ifap.ed.gov for information.
- **The value of on-base housing** or the basic allowance for housing (BAH) for students or parents who are in the military. However, the basic allowance for subsistence (BAS) still counts as untaxed income.
- **Rent subsidies for low-income housing.**
- **Payments and services received from states for foster care or adoption assistance**, under Part A or Part E of Title IV of the Social Security Act.
- **Per capita payments to Native Americans.** Money received from the Per Capita Act or the Distribution of Judgment Funds Act should not be reported unless it exceeds \$2,000 per payment. Any amount over \$2,000 is reported as untaxed income.
- **Heating/fuel assistance.** This includes payments or allowances received under the Low-Income Home Energy Assistance Act

(LIHEA). Payments under the LIHEA are made through state programs that may have different names.

- **Flexible spending arrangements.** These are employee benefit programs, sometimes called “cafeteria plans.” Neither contributions to nor payments from these programs should count as untaxed income.
- **Welfare benefits (e.g., Temporary Assistance for Needy Families or TANF), untaxed Social Security benefits, and the earned income and additional child tax credits.** Welfare benefits are state or federal supplementary assistance that is means-tested.
- **Combat pay, foreign income exclusion, and credit for federal tax on special fuels.**
- **In-kind support** is other than money, for example, friends or relatives giving the student food or allowing him to live with them rent-free. That support isn’t included as untaxed income, though you may use professional judgment (e.g., by reducing the cost of attendance or increasing income) with students who receive such in-kind support. This is not the same as housing and other allowances received as compensation for a job, which, as stated earlier, must be reported. If the student is living with someone who is paying living expenses, it can be difficult to determine whether the support is cash support or in-kind support. The basic rule is: if someone pays a cost the student is obligated to pay, the amount counts as cash support.



STEP THREE: DEPENDENCY STATUS

Purpose: The law governing the FSA programs is based on the premise that the family is the first source of the student’s support, and the law provides several criteria that decide if the student is considered independent of her parents for aid eligibility. Note that a student reaching the age of 18 or 21 or living apart from her parents does not affect her dependency status.

If a student is considered a dependent of his parents, their income and assets must be included on the FAFSA. The CPS will calculate a parent contribution and add it to the student’s contribution to derive an EFC.

In unusual cases an aid administrator can determine that a student who doesn’t meet any of the independence criteria should still be treated as an independent student. (See “Dependency Overrides” in *Chapter 5*.)

- **Married (46).** The student must answer this question according to her marital status at the time the FAFSA is signed; after that, she **cannot** update FAFSA information for changes in her marital status except in limited instances; see *Chapter 4*.

A student who is only engaged answers as unmarried unless she waits until after the wedding to complete the FAFSA. For this question a student is considered married if she is separated or planning to divorce or if she has a relationship that meets the criteria for common-law marriage in her state. A student who was independent only because she

STEP 3

Question 46 Dependency status

Examples of in-kind income (not to be reported on the FAFSA)

- SNAP (formerly Food Stamp Program)
- Women, Infants, and Children Program (WIC)
- Food Distribution programs
- National School Lunch and School Breakfast programs
- Commodity Supplemental Food Program (CSFP)
- Special Milk Program for children
- Daycare provided by the Social Services Block Grant Program (if the recipient receives **reimbursement** for child care expenses, that amount is reported as income)
- WIA (formerly JTPA) educational benefits
- Rollover pensions
- Payments and services received from states for foster care or adoption assistance, under Part A or Part E of Title IV of the Social Security Act

Criteria for independence

For the 2013–2014 year, a student who meets any of the following criteria from HEA Sec. 480(d) is independent; he

- was born before January 1, 1990
- is married as of the date he applies
- will be a graduate or professional student at the start of the award year
- is currently serving on active duty for purposes other than training
- is a veteran of the U.S. Armed Forces
- has dependents other than a spouse
- was an orphan, foster child, or ward/dependent of the court at any time since the age of 13
- is an emancipated minor or in legal guardianship or was when he reached the age of majority in his state
- was determined at any time since July 1, 2012, to be an unaccompanied youth who was homeless or self-supporting and at risk of being homeless

STEP 3

Who is a parent or has dependents

Who counts as a parent?

If the applicant answers “No” to questions 45–57, then she is dependent and must report parental information. In most cases it’s clear who the parents are but not always.

✓ **Adoptive parents and stepparents**

An adoptive parent is treated just like a biological parent. For reporting income and assets in Step 4, a stepparent is considered a parent if married to a biological or adoptive parent and if the student counts in their household size.

However, a stepparent who did not adopt the student cannot be the sole parent for determining dependency status. If the other parent dies, the student is still a dependent of the remaining biological parent, not the stepparent. If no biological parent remains, the student answers “Yes” to Question 52 and is independent.

✗ **Foster parents, legal guardians, and relatives**

A foster parent or a legal guardian is not treated as a parent for FSA purposes. If at any time since the age of 13 both of the student’s parents were dead (and he did not have an adoptive parent) or he was in foster care, he is independent. If he is now, or was when he became an adult, an emancipated minor or in legal guardianship (see the exception under Question 54), he is independent.

If a student is living with her grandparents or other relatives, their data should not be reported on the FAFSA as parental data unless they have adopted the student. Any cash support from persons other than the student’s parents should be reported as untaxed income, as discussed in Step 2. The school may also consider other kinds of support as part of the student’s financial resources and use professional judgment to include the support under the item for student’s untaxed income (see *Chapter 5* on professional judgment).

Other sources of support for children and other household members

If the student is receiving support to raise her child, is the child still considered a legal dependent? If one or both of the student’s parents are directly or indirectly providing more than 50% support in cash or other assistance to the child, then the student would answer “No” to the FAFSA question about legal dependents. “Indirect support” to the child includes support that a parent gives to the student on behalf of the child. If the student is living with a parent who is paying for most of the household expenses, the parent would usually be considered the primary source of support to the child, and the student would answer “No” to the question about legal dependents. However, there may be some cases where the student can demonstrate that she provides more than half of her child’s support even while living at home, in which case she would answer “Yes” to the question about legal dependents.

NOTE →

When the student receives money for the child from any source other than her parents, she may count it as part of her support to the child. Sources include child support and government programs, such as Temporary Assistance for Needy Families (TANF) and the Supplemental Nutrition Assistance Program (SNAP, formerly the federal Food Stamp Program), that provide benefits for dependent children. So a student may be considered independent when the benefit she receives is the primary support for her child. For example, if a student who lives alone with her child receives cash from her boyfriend that amounts to more than 50% support for her child, then she would be able to count the child as a dependent and in her household size, and she would be independent. If the boyfriend is the father of the child and a student himself, then he would also be able to count the child as a dependent and in his household size, and he would be independent too.

STEP 4

Questions 58–72 Parent information

Student living with relatives example

Millie's father is dead, and her mother can't support her, so she is living with her grandmother. Her mother doesn't pay any money for her support. Millie doesn't meet any of the independence criteria, so she has to provide parental information. Because her grandmother hasn't adopted her, her grandmother isn't her parent. Millie will have to provide information about her mother on the form unless there are unusual circumstances that would warrant a dependency override or her receiving only unsubsidized loans. In any case, the school might use PJ to account for the grandmother's support.

Dependent student household size example

Lydia is a dependent student, and her parents are married. Her brother Ron is 26, but his parents still provide more than 50% of his support, so he is included in the household size. Her sister Elizabeth is attending college but is an independent student and isn't supported by their parents, so she isn't included in the household size. Her sister Susan is not attending college but is working and supporting herself. However, if Susan were to apply for student aid, she would be considered a dependent student, so she is included. Therefore, the household size that Lydia reports for her parents is five.

STEP FOUR: PARENTS' INFORMATION (DEPENDENT STUDENTS ONLY)

Purpose: Questions 58–78 collect information about the student's parents and their household. Questions 79–92 collect tax and financial data for the parents, and because these questions are answered in the same way as for the student, they were discussed earlier.

- **Parents' personal information (58–67).** The FAFSA asks for parents' SSN, last name, first initial, date of birth, and month and year they were married, separated, divorced, or widowed. This information facilitates the use of the IRS Data Retrieval in FOTW and helps the government estimate erroneous Pell payments. If the SSN, last name, and birth date for at least one parent are not provided, or if neither parent's SSN matches with the Social Security Administration, the application will be rejected. When the SSN doesn't match with SSA, the wrong number must be corrected so that the application and SSA agree. For a name or birth date that doesn't match, correct the application if it's wrong or re-enter the information if it's correct. If the parent doesn't have an SSN, enter 000-00-0000 to prevent or remove a reject code. (See also the SSN chapter in *Volume 1*.)
- **Parents' state of residence (69–71).** Parents who do not live in the U.S. should enter "FC" for question 69.
- **Household size (72).** This determines the standard living allowance that offsets family income in the EFC calculation. The following persons count in the household size of a dependent student's parents:

→ **The student and parents**, even if the student is not living with them. Exclude a parent who has died or is not living in the household because of separation or divorce, but include a parent who is on active duty in the U.S. Armed Forces apart from the family.

→ **The student's siblings and children**, if they will receive more than half their support from the student's parent(s) from July 1, 2013, through June 30, 2014. Siblings need not live in the home. This includes unborn children and siblings of the student who will receive more than half support from the student's parent(s) from birth to the end of the award year. It also includes siblings who would be considered dependent based on the FAFSA dependency questions (i.e., they need not be students nor apply for aid).

For children in the household size, the "support test" is used rather than residency because there may be situations in which a parent supports a child who does not live with her, such as when the parent is divorced or separated. If the parent receives benefits (such as Social Security payments) in the child's name, these benefits must be counted as parental support to the child. An exception to this is foster care payments, which typically cover the costs of foster children, who for FSA purposes are not considered children of the foster parents and are not counted in the household size.

→ **Other persons** who live with and receive more than half their support from the student's parent(s) and will receive more than half support for the entire award year. When the application is submitted after the start of the year, see the relevant paragraph and example about legal dependents on page 23.

■ **Number in college (73).** The applicant is **always** included in the number in college, but parents are not included. Others who count in the household size are in the number in college if they are or will be enrolled at least half time during the award year in an eligible degree or certificate program at a school eligible for any of the FSA programs. The definition of half-time enrollment for this question must meet the federal requirements even if the school defines half time differently. (See *Volume 1: Student Eligibility* for enrollment status requirements.) Do not include students at a U.S. service academy (see the margin note on page 22) because most of their primary educational expenses are paid for by the federal government.

■ **Receipt of means-tested federal benefits (74–78).** This is an alternative for the tax return requirement of the simplified needs and automatic zero EFC tests.

■ **Tax forms filed by parents, income, and assets (79–81, 83–92).** Refer to the earlier discussion for these questions.

■ **Dislocated worker (82).** This status, as defined (see 29 U.S.C. 2801) in the Workforce Investment Act of 1998 or WIA, is an alternative to the tax return and means-tested federal benefits criteria for determining if a person qualifies for the simplified needs test or automatic zero EFC. A person would answer “Yes” to this question if she meets the statutory definition of dislocated worker but does not appear to because of the general nature of the FAFSA instructions. Under the WIA, a dislocated worker is someone who falls into at least one of these categories:

1. A person who meets all of the following requirements:

- he was terminated or laid off from employment or received a notice of termination or layoff;
- he is eligible for or has exhausted his unemployment compensation, **or** he is not eligible for it because, even though he has been employed long enough to demonstrate attachment to the workforce, he had insufficient earnings or performed services for an employer that weren't covered under a state's unemployment compensation law; **and**
- he is unlikely to return to a previous industry or occupation.

2. A person who was terminated or laid off from employment or received a notice of termination or layoff as a result of any permanent closure of, or any substantial layoff at, a plant, facility, or enterprise.

3. A person who is employed at a facility at which the employer made a general announcement that it will close within 180 days.

STEP 4

Questions 73–92
Number in college,
tax data, dislocated
worker

FSA and IRS household rules

The rules that decide whether someone is counted in the household for FSA purposes aren't identical to the IRS rules for determining dependents or household members.

Number in college

HEA Sec. 474(b)(3)

Reporting information in cases of death, separation, divorce, and remarriage

If the parents of a student divorce or separate, a student must answer parental questions on the FAFSA as they apply to the surviving or responsible parent.

Death of a parent

If one, but not both, of the student's parents has died, the student answers the parental questions about the surviving biological or adoptive parent and does not report any financial information for the deceased parent. If both her parents are dead when she fills out the FAFSA, she must answer "Yes" to Question 52, making her independent. Remember that an adoptive parent counts as a parent, but a legal guardian doesn't. If the surviving parent dies after the FAFSA has been filed, the student must update her dependency status and report income and assets as an independent student.

Stepparent

A stepparent is treated like a biological parent if the stepparent has legally adopted the student or if the stepparent is married, as of the date of application, to a student's biological or adoptive parent whose information will be reported on the FAFSA.

There are no exceptions. A prenuptial agreement does not exempt the stepparent from providing information required of a parent on the FAFSA. The stepparent's income information for the entire base year, 2012, must be reported even if the parent and stepparent were not married until after 2012. See above for how to fill out the parent questions when the stepparent's spouse (the biological parent) dies; if the stepparent has not adopted the student, he would no longer provide parental information as before, but any financial support he gives to the student would be counted as untaxed income.

Divorce of the student's parents

If the student's parents are divorced, he should report the information of the parent with whom he lived longer during the 12 months prior to the date he completes the application, regardless of which parent claimed him as an exemption for tax purposes. If the student lived equally with each parent or didn't live with either one, then he should provide the information for the parent from whom he received more financial support or the one from whom he received more support the last calendar year for which it was given. Note that it is not typical that a student will live with or receive support from both parents exactly equally. Usually you can determine that the student lived with one of the parents more than half the year or that he received more than half support from one of the parents.

Example: Marta is 22 and doesn't meet any of the independence criteria. Her parents divorced recently, and she hasn't lived with them since she was 18. Also, neither parent provided support in the past year. The last time she received support from her parents was when she lived with them and they were still married. Because her father's income was larger and he contributed more money to the overall household expenses, Marta determines that the last time she received support, most of it was from her father. She provides his data on the FAFSA.

Separation of the student's parents or the student and spouse

A couple need not be legally separated to be considered separated—they may deem themselves informally separated when one of the partners has left the household for an indefinite period and the marriage is severed. While a married couple that lives together can't be informally separated, in some states they can be legally separated. If their state allows this, and if they are still living together and are legally separated, then that is their status on the FAFSA. For a dependent student, use the rules for divorce to determine which parent's information to report.

Common-law marriage

If a couple lives together and has not been formally married but meets the criteria in their state for a common-law marriage, they should be reported as married on the FAFSA. If the state doesn't consider their situation to be a common-law marriage, then they aren't married; a dependent student would follow the rules for divorce to determine which parent's information to report. Check with the appropriate state agency concerning the definition of a common-law marriage.

HEA Sec. 475(f)

Signature Requirements: Application and Verification for All FSA Programs			
	<i>Application (FAFSA, FAFSA on the Web, FAA Access to CPS Online)</i>	<i>IRS Documentation (Transcript or other form submitted for verification)</i>	<i>Verification Document</i>
Student	Must sign statement that data are accurate and other conditions are met (on paper FAFSA, Web summary, or signature page or by using PIN).	IRS Data Retrieval Tool (DRT) or tax return transcript (does not need to be signed). In rare instances when the tax return is used, it must be signed by the student (or spouse), or the tax preparer must provide his name and SSN, EIN, or PTIN.	Must sign documents used to verify FAFSA data.
Parent(s) (if student is dependent)	One parent must sign statement that data are accurate (on paper FAFSA, Web summary, or signature page or by using PIN).	DRT or tax return transcript (which does not need to be signed). In rare instances when the tax return is used, it must be signed by one parent, or the tax preparer must provide his name and SSN, EIN, or PTIN.	One parent must sign documents used to verify FAFSA data.
Aid Administrator	Must certify if overriding dependency status or exercising PJ (can't be done on FAFSA on the Web).		
Signature Requirements for Changes*			
	<i>Changes via SAR or Corrections on the Web</i>	<i>Changes submitted via FAA Access</i>	<i>Professional Judgment via FAA Access</i>
Student	Must sign corrections statement on the SAR; on the Web the PIN serves as the student's signature.		
Parent(s) (if student is dependent)	One parent must sign the corrections statement on the SAR. If parent data are changed on the Web, a parent must sign with PIN or print and sign signature page.		
Aid Administrator		School must have signed documentation from student and parent.	Must certify for PJ/FAA adjustments or dependency override.

* These requirements apply to any submission of changes to the Central Processing System, whether required by regulation (for Pell Grant recipients or corrections to data match items) or at the discretion of the financial aid administrator (for Campus-Based aid and Stafford Loans).

Expected Family Contribution (EFC)

The EFC is a measure of how much the student and his or her family can be expected to contribute to the cost of the student's education for the year. The EFC is calculated according to a formula specified in the law. In this chapter we describe the EFC formula in detail.

GENERAL INFORMATION

All the data the CPS uses to calculate the EFC come from the information the student provides on the FAFSA. The EFC formula uses many variables, including income, assets, the number of persons in the household, and the number attending college for the award year.

Every year the Department publishes updated tables used in the EFC calculation. The 2013–2014 updates are in the May 29, 2012, *Federal Register*. Also available at www.ifap.ed.gov is the *EFC Formula Guide*.

The law provides three different formulas to calculate the EFC: one for dependent students, one for independent students without dependents other than a spouse, and one for independent students with dependents other than a spouse. In addition there are three simplified versions of each formula with fewer data elements.

SIMPLIFIED FORMULA

The simplified formula is basically the same as the regular formula except that asset information isn't considered in the calculation. A dependent student qualifies for the simplified calculation if:

- the parents' combined AGI (for tax filers) or income earned from work (for non-filers) was less than \$50,000, and
- either: (1) the parents were not required to file an IRS Form 1040,¹ (2) one of them is a dislocated worker as defined in the Workforce Investment Act of 1998 (see Chapter 2 for a description of dislocated worker), or (3) anyone counted in their household size received a means-tested federal benefit during 2011 or 2012.²

An independent student qualifies for the simplified calculation if:

- the student's and spouse's combined AGI (tax filers) or income earned from work (non-filers) was less than \$50,000, and

Basic EFC formulas

- Dependent students
- Independent students
- Independent students with dependents

Special calculations

- Simplified formula (no assets)
- Automatic zero EFC
- Other than nine-month enrollment

HEA Sec. 474–479

¹ Persons not required to file the IRS Form 1040 comprise those who do not have to submit a return, who filed or will file a 1040A or 1040EZ, and who were eligible to file a 1040A or 1040EZ but filed or will file a Form 1040 for no substantial reason or solely to claim an education tax credit.

For qualifying for the simplified formula or the automatic zero EFC, a foreign tax return counts as an IRS Form 1040, while a tax return for Puerto Rico, Guam, American Samoa, or the Virgin Islands counts as a Form 1040A or 1040EZ.

² See margin note #2 on the next page.

¹ See margin note #1 on the previous page.

² The means-tested federal benefit programs are:

- Supplemental Security Income (SSI)
- Supplemental Nutrition Assistance Program (SNAP) benefits, also known as food stamps
- Free and reduced price school lunches
- Temporary Assistance for Needy Families (TANF)
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

A person need not have received the benefit for an entire year; receiving it at any time in the base or prior year qualifies. Also, an FAA may use professional judgment (PJ) to count a benefit if a person did not receive it during those 24 months but is receiving it now.

- either: (1) the student and spouse were not required to file an IRS Form 1040,¹ (2) one of them is a dislocated worker as defined in the Workforce Investment Act of 1998, or (3) anyone counted in the household size received a means-tested federal benefit during 2011 or 2012.²

FAFSA on the Web has a threshold question that will cause the asset questions to be skipped when the student seems eligible for the simplified formula or an automatic zero EFC. But in some instances, such as when using a paper FAFSA, a student who qualifies for the simplified formula will provide asset information. In those cases the CPS will calculate two EFCs: one using the assets and one excluding them. The EFC from the simplified formula (which excludes assets) is called the primary EFC and is printed on the front of the student's SAR, while the EFC from the full calculation is called the secondary EFC and is printed in the FAA Information section. To determine the student's federal aid, the school must use the primary EFC, which will always be less than or equal to the secondary EFC. If it turns out that the student was not eligible for the simplified formula and did not provide asset information, the school must correct and submit the record and use the EFC reported on the resulting transaction.

AUTOMATIC ZERO EFC

The law also provides for an automatic zero EFC for some students. The CPS will assign a zero EFC to a dependent student if:

- the parents' combined AGI (for tax filers) or combined income earned from work (for non-filers) is \$24,000 or less, and
- either: (1) the parents were not required to file an IRS Form 1040,¹ (2) one of them is a dislocated worker as defined in the Workforce Investment Act of 1998, or (3) anyone counted in their household size received a means-tested federal benefit during 2011 or 2012.²

Automatic zero EFC

HEA Sec. 479(c)

An independent student with dependents other than a spouse automatically qualifies for a zero EFC if:

- the student's and spouse's combined AGI (for tax filers) or combined income earned from work (for non-filers) is \$24,000 or less, and
- either: (1) the student and spouse were not required to file an IRS Form 1040,¹ (2) one of them is a dislocated worker as defined in the Workforce Investment Act of 1998, or (3) anyone counted in the household size received a means-tested federal benefit during 2011 or 2012.²

Independent students with no dependents other than a spouse do not qualify for an automatic zero EFC.

Verification, Updates, and Corrections

CHAPTER 4

Because students sometimes make errors on their application, there is a process for verifying applications and making corrections. The Central Processing System (CPS) selects which applications are to be verified, but you also have the authority to verify additional students.

You must verify applications selected by the CPS of students who will receive (or have received) subsidized student financial assistance, as defined in the margin. Verification is not required if the student will only receive unsubsidized student financial assistance (see *Verification exclusions* later in this chapter), though a student can't avoid verification by accepting only unsubsidized aid. If he tries to do this, continue with verification.

Verification regulations

34 CFR 668.51–61

REQUIRED POLICIES AND PROCEDURES

Your school must have written policies about

- the time period in which students must submit verification documentation,
- the consequences for failing to submit those documents in time,
- the method you will use to notify students if their EFC and Title IV aid amounts change,
- the procedures you or students will follow to correct FAFSA data,
- the procedure you will follow to refer a student to the Office of Inspector General (OIG see *Chapter 5*).

Your school must provide, in a timely manner, students selected for verification a clear explanation of their role, including what documents they must submit, the deadlines they must meet, and the consequences of failing to meet them.

You must complete verification for a selected student before you exercise professional judgment to adjust any values that are used to calculate the EFC. But making a PJ adjustment does not require you to verify an application that isn't selected.

Definitions

668.52

Subsidized student financial assistance programs—Title IV programs for which eligibility is determined by the EFC. These include the Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), Perkins Loan, and Direct Subsidized Loan programs.

Unsubsidized student financial assistance programs—Title IV programs for which eligibility is not based on the EFC. These include the Teacher Education Assistance for College and Higher Education (TEACH) Grant, Direct Unsubsidized Loan, and Direct PLUS Loan programs.

The Iraq and Afghanistan Service Grant is a non-need-based grant and is not subject to verification.

Policies and procedures

668.53

Verification items for 2013–2014

668.56

See the July 12, 2012, *Federal Register*

- Adjusted gross income (AGI)
- U.S. income tax paid
- Education credits
- Untaxed IRA distributions
- Untaxed pensions
- IRA deductions and payments
- Tax-exempt interest
- Income earned from work
- Household size
- Number in college
- Supplemental Nutrition Assistance Program (SNAP, formerly food stamps)
- Child support paid
- High school completion status
- Identity/statement of educational purpose

APPLICATIONS AND INFORMATION TO BE VERIFIED

The Department's long-term goal is for a customized approach to verification. A menu of potential verification items for each award year will be published in the *Federal Register*, and the items to verify for a given application will be selected from that menu and indicated on the student's output documents. Output documents will continue to include only one verification flag to show students who were selected, and they will need to verify all the FAFSA items shown in the margin that apply to them.

The verification flag will have a value of "Y," and next to the EFC will be an asterisk referring to a comment in the student section of the SAR that tells applicants they will be asked by their schools to provide documentation. For 2013–2014, verification tracking flags will place the student in one of five verification tracking groups, which are explained later.

You must verify any information you have reason to believe is incorrect on any application. Students with these applications are considered to be selected for verification by your school even though you may not be verifying the same data as for CPS-selected applications.

You may, at your discretion, require a student to verify any FAFSA information and to provide any reasonable documentation in accordance with consistently applied school policies.

Regardless of whether you or the CPS selected the application, all other verification requirements, such as deadlines and allowable tolerances and interim disbursement rules, apply equally to all students who are being verified.

If you want to learn more about verification results, you can use the ISIR Analysis Tool, which provides a variety of reports and analyses that can help you identify potentially faulty applications that discretionary verification or the CPS edits might be missing. They can also help you develop discretionary verification edits that focus on student changes that affect the EFC and Pell eligibility. The 2013–2014 edition will be available in June 2013.

Verification tracking groups

Students who are selected for verification will be placed in one of the five following groups. The group determines which FAFSA information must be verified for the student.

Standard Verification Group. Tracking flag V1. Students in this group must verify the following if they are tax filers:

- adjusted gross income
- U.S. income tax paid
- untaxed portions of IRA distributions
- untaxed portions of pensions
- IRA deductions and payments
- tax-exempt interest income

Verification questions/answers

The Department posted online a list of questions and answers pertaining to verification. See the webpage at <http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/verification.html>.

- education credits
- household size
- number in college
- Supplemental Nutrition Assistance Program (SNAP) benefits
- child support paid

Students who are not tax filers must verify the following:

- income earned from work
- household size
- number in college
- SNAP benefits
- child support paid

SNAP Verification Group. Tracking flag V2. Students in this group must verify the receipt of SNAP benefits.

Child Support Paid Verification Group. Tracking flag V3. Students must verify child support paid by them or their spouse, their parents, or both.

Custom Verification Group. Tracking flag V4. Students must verify high school completion status and identity/statement of educational purpose in addition to receipt of SNAP benefits and payment of child support.

Aggregate Verification Group. Tracking flag V5. Students must verify high school completion status and identity/statement of educational purpose in addition to the items in the Standard Verification Group.

Verification exclusions

There are times when you don't need to verify a student's application. **Except in the case of the student's death, however, none of the exemptions excuse you from the requirement to resolve conflicting information.** You should document the basis for an exclusion. Other information not excluded must still be verified according to all other requirements. You don't have to verify FAFSA information of a student in the following situations:

- **Death of the student.** You don't have to continue verification if you made an interim disbursement and the student died before verification was completed. You cannot make any additional disbursements, except for FWS funds already earned, to any of the student's beneficiaries. You cannot originate or disburse his Direct Subsidized Loan or consider any interim disbursement you made of Pell, Perkins, or FSEOG funds or provisional FWS employment to be an overpayment. See *Chapter 2 of Volume 5*.
- **Not an aid recipient.** The student won't receive Title IV aid for reasons other than a failure to complete verification. This includes being ineligible for that aid and withdrawing without receiving it.
- **The applicant is eligible to receive only unsubsidized student financial assistance.**

Online verification assessment module
<http://ifap.ed.gov/qahome/qaassessments/fsaverification.html>

Verification exclusions
 668.54(b)

Verification following disasters

Dear Colleague Letter GEN-10-16 gives general guidance for when federally-declared disasters affect the awarding of aid. The DCL states that the Secretary will not enforce the verification requirements during the award year for applicants whose records were lost or destroyed because of a disaster. The school must document when it does not perform verification for this reason and use status code "S" when reporting the disbursement of Pell Grants to affected students.

Timing of signature

Any required signatures, such as signatures on worksheets or on copies of tax returns, must be collected at the time of verification—they can't be collected after the verification deadline for that award year.

Spouse unavailable example

Ursula is attending Lem Community College, and her application is selected for verification. She provided her husband's information on the application but now explains that her husband has recently moved out, and she can't locate him. Ursula also gives Lem some documents to show that she's tried to locate her husband. Lem determines that Ursula doesn't need to provide verification of her husband's tax and income information, but she still needs to verify her own information.

- **Applicant verified by another school.** The student completed verification for the current award year at another school before transferring. Her FAFSA data must be the same as it was at the previous school, and you must get a letter from that school stating that it verified her application and providing the transaction number of the pertinent valid ISIR.
- **Post enrollment.** The student was selected for verification **after** ceasing to be enrolled at your school and all (including late) disbursements were made.

Unless you have reason to believe it is inaccurate, you don't have to verify the reported FAFSA information of the parents of a dependent student if any of the following apply:

- **Both of the parents are mentally incapacitated.**
- **They are residing in a country other than the United States and can't be contacted by normal means.**
- **They can't be located because the student does not have and cannot get their contact information.**

Unless you have reason to believe it is inaccurate, you don't have to verify the reported FAFSA information of the spouse of an independent student if any of the following apply:

- **The spouse has died.**
- **He is mentally incapacitated.**
- **He is residing in a country other than the United States and can't be contacted by normal means.**
- **He can't be located because the student does not have and cannot get his contact information.**

Acceptable documentation

The required documentation for application information that is selected for verification for 2013-2014 is in the *Federal Register* published on July 12, 2012. See DCL GEN-12-11 for guidance about verifiable information for 2013–2014.

DOCUMENTATION

The documentation you will need for verification varies according to the item verified, as explained in this section. The Department encourages students and parents to use the IRS Data Retrieval Tool (DRT) to import data from their tax return and not change it. It is the fastest, easiest, and most secure method of meeting verification requirements. Also, this chapter includes the verification suggested text developed by the Department, which can be used to verify non-tax items, such as household size and number in college. The text is also available on the IFAP website at www.ifap.ed.gov.

AGI, taxes paid, and other tax data

As already noted, the importation of IRS tax data via the DRT is the best way to document that information. Students and parents do this either when initially filling out the FAFSA on the Web (FOTW) application or later as a correction. (The DRT is available beginning February 3, 2013, for those who have filed a return.) For the retrieved data to be acceptable documentation of tax data, it is necessary that neither students nor parents change the data after it is transferred from the IRS—if the data was changed or if you have reason

to believe the data transferred is incorrect, the student will need to provide other documentation as explained below. The IRS request field(s) on the ISIR will have a value of "02" when the data is unchanged.

If students cannot or will not use IRS Data Retrieval, either at initial FAFSA filing or through the FOTW correction process, they must document AGI, taxes paid, and untaxed income by providing an IRS tax return transcript for the student and spouse or parents, as applicable. Under the following conditions, the IRS Data Retrieval is **not** available in FOTW (all apply to both students and parents unless otherwise noted):

- The person did not indicate on the FAFSA that the tax return has been completed.
- The marriage date is January 2013 or later.
- The first three digits of the SSN are 666.
- The tax return was amended.
- The person filed a Puerto Rican or foreign tax return.
- The person is married and filed the tax return either as head of household or married but filing a separate return.
- Neither married parent entered a valid SSN.
- A non-married parent or both married parents entered all zeroes for the SSN.

While encouraged, tax transcripts submitted to your school for verification do not need to be signed by the tax filer.

When dependent students' parents filed a joint return and have separated, divorced, married someone else, or been widowed, the students must submit a copy of each W-2 form for the parent whose tax information is on the FAFSA. Similarly, an independent student must submit a copy of each of her W-2 forms if she filed a joint return and is separated, divorced, or a widow.

AGI and income tax documentation

668.57(a)

Requesting a tax transcript

There are a few ways to request a tax transcript: online at www.irs.gov, by calling 1-800-908-9946, or by mailing or faxing the paper Form 4506T-EZ, which can be printed out from the IRS website. See the attachment to DCL GEN-11-13 on www.ifap.ed.gov for specific instructions.

Filing an amended return

Students or parents who file an amended return cannot use the IRS DRT, and if they amend the return after using the DRT to fill out the FAFSA, you cannot rely on that data. Instead, you will need to use information from these documents to complete verification:

1. a signed copy of the IRS Form 1040X that was filed **and**
2. a signed copy of the original tax return that was filed, a tax return transcript (which does not have to be signed), or any IRS transcript (such as a return transcript for taxpayer or RTFTP) that includes all the income and tax information required to be verified: AGI, income tax paid, education credits, etc.

Line items from the 2012 tax return			
	1040	1040A	1040EZ
AGI	37	21	4
Income Tax Paid	55	35	10
Deductible IRA/SEP	28 plus 32	17	
Tax-exempt Interest Income	8b	8b	
Untaxed Portions of IRAs and Pensions (excludes rollovers)	15a minus 15b and 16a minus 16b	11a minus 11b and 12a minus 12b	

HEROES Act modifications

The Higher Education Relief Opportunities for Students (HEROES) Act provides for the modification and waiving of some statutory and regulatory provisions related to students who receive financial aid and who are on active duty during a war or other military operation or who reside or are employed in a declared disaster area. These adjustments apply to return of funds and signature requirements for verification and application, among other things. The most recent update to the HEROES Act authorized its provisions through September 30, 2017. See pages 59311–59318 of the *Federal Register* dated September 27, 2012, for the details on the act and a list of the eligible students.

Parent remarriage after applying

While the applicant does not typically update household size or number in college because of a change in his marital status, if he is a dependent student and his parent remarries between application and verification, he must update household size to include the new stepparent. However, the student would not count the new stepparent's income and assets. The school could use professional judgment to include the stepparent's income or to otherwise account for the change.

HEA Sec. 475(f)(3)

34 CFR 668.55(b)

Electronic signatures

For verification documentation, a school may collect an electronic signature for an applicant, parent, or spouse if the process includes an assurance of the identity of the person signing. This is often accomplished with a PIN or password that is assigned only after the identity of the person receiving the PIN or password has been authenticated.

For students and parents who have been granted a tax filing extension, you must accept a copy of IRS Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*. They must also provide a copy of all their W-2 forms or, if they are self-employed, a signed statement with the amount of their AGI and their U.S. income taxes paid. You may request those with a filing extension to use the DRT or submit to your school a tax transcript after the return has been filed. If you do that, you must reverify the income information.

For non-tax filers you must receive a W-2 form for each source of employment income. You must also get a signed statement giving the sources and amounts of the person's income earned from work not on W-2s and certifying that the person has not filed and is not required to file a tax return. For residents of the Freely Associated States (the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia), a copy of the wage and tax statement from each employer and a signed statement identifying all of the person's income and taxes for the year is acceptable. Persons from a foreign country who are not required to file a tax return can provide the signed statement certifying their income and taxes paid.

If a person must provide a W-2 form but can't do it timely, you may permit her to submit a signed statement with the amount and source of the income earned from work and the reason the W-2 is not available in time.

When a person filed a non-U.S. tax return, obtaining an IRS tax return transcript is not possible. In those cases you may accept instead of the transcript a copy of the tax return, which must be signed by the filer or one of the filers of a joint return, and you must document the circumstances. Use the income and tax information that most closely corresponds to the information on the IRS tax return, and convert monetary amounts into U.S. dollars as appropriate.

On the few occasions that you use a tax return to complete verification, you can accept an electronic copy of the return that has been electronically signed, provided your school's process for accepting such signatures complies with the Electronic Signatures in Global and National Commerce (ESIGN) Act. But a signature on Form 8879, the IRS e-file Signature Authorization, is not an acceptable substitute for a signature on the tax return.

For persons who have a tax professional prepare their return, instead of a copy of the return with the filer's signature, you may accept one that has the name and Preparer Tax Identification Number (PTIN) of the preparer or has his SSN or EIN and has been signed, stamped, typed, or printed with his name and address. Note that the IRS requires paid preparers to have a PTIN.

Be sure that the institutional verification document is signed, that all required sections are completed, and that the relevant tax or alternative documents are attached. Copies are acceptable, and unless specifically noted in this chapter, a signature on a copy is as valid as an original signature (i.e., a handwritten or "wet" signature). If an acceptable copy is of an unsigned tax return, the filer (or at least one of the filers of a joint return) must sign it. You can accept a tax form that was completed to duplicate the filed return; this duplicate must have at least one filer's signature.

Acceptable Documentation

	<i>IRS Data Retrieval</i>	<i>Institutional Verification Document</i>	<i>Other Documentation</i>
<i>Household Size</i>		✓	Signed statement
<i>Number in College</i>		✓	Signed statement or institutional certification
<i>AGI and Taxes Paid</i>	✓		Tax return transcript, copy of the tax return, Form W-2, Form 4868, or a signed statement
<i>Untaxed Income and Benefits</i>	✓		Tax return transcript, copy of the tax return, Form W-2, Form 4868, or a signed statement
<i>SNAP Benefits</i>		✓	Signed statement or agency documentation
<i>Child Support Paid</i>		✓	Signed statement
<i>Income Earned from Work for Non-tax Filers</i>		✓	Signed statement and Form W-2
<i>High School Completion</i>			High school diploma or transcript, GED certi- ficate or transcript, transcript showing 2-year program completion, or home school credential or transcript
<i>Identity/Statement of Educational Purpose</i>		✓	Original government-issued ID and signed statement of educational purpose or a copy of that ID and the statement notarized

The chart on page 79 shows the tax form line numbers for the most commonly reported items. This chart is a reference only; it is not a list of all the items the school must check on a tax return.

Household size

To document the household size, the student needs to provide a statement signed by him and, if dependent, at least one parent that gives the name, age, and relationship to the student of each person in the household.

You don't have to verify household size in the following situations:

- For a dependent student, the household size reported is three for married parents or two for a single, divorced, separated, or widowed parent.
- For an independent student, the household size reported is two if he is married or one if he is single, divorced, separated, or widowed.

Household size documentation 668.57(b)

Number in college documentation

668.57(c)

Number in college

You can document this item with a statement signed by the student (and, if she is dependent, at least one parent) that gives the name and age of each person in the household who is enrolled at least half time in an eligible college (excluding, of course, the parents of dependent students). The statement must also give the name of each college, and it can be written to document household size as well. Completion of the Department's verification suggested text can satisfy both items.

If you have reason to doubt the enrollment information reported, you must obtain from each school a statement that the named person will attend there on at least a half-time basis. You don't have to get such a statement if the person has not yet registered, is attending less than half time, or will be attending your school.

If you have reason to doubt whether a reported school is Title IV-eligible, you must insure it is, such as by checking to see if it has a federal school code.

You don't have to verify the number in college if the reported number enrolled is one (the student only).

Unreported SNAP benefits

Charlie is married and has one child. He and his wife report an AGI of \$52,000 on FAFSA on the Web, and because this exceeds the income thresholds to qualify for either of the alternate EFC calculations, none of the relevant questions were presented to him when he filled out his FAFSA online. He is selected for the Standard Verification Group, and verification reveals that he made a mistake in reporting his AGI, which should have been \$22,000. He also indicates that he received SNAP benefits. Therefore, because he would be eligible for an auto zero EFC, his school must indicate the receipt of SNAP on his application as well as correct his AGI.

SNAP benefits (food stamps)

If the ISIR shows that someone in the parents' or student's household received SNAP benefits in 2011 or 2012, the student must provide a signed statement indicating receipt of the benefit. If you have reason to doubt the receipt of SNAP benefits, you may require the student to show documentation from the agency that supplied the benefit or alternative documentation you find sufficient.

In some instances an ISIR will not show receipt of SNAP benefits—even though someone in the household did receive those benefits—because the question was not presented to the student in FAFSA on the Web. This occurs when the question is not pertinent for the student; either she is not eligible for an automatic zero EFC or the simplified needs test (the reason for the question about SNAP), or she is eligible for one of those alternative EFC calculations by meeting another criterion. In such cases you don't need to correct the SNAP field. However, if correcting the response to the SNAP question to "Yes" makes the student eligible for one of the alternate EFC calculations, you must make the change. See the example in the margin.

Child support paid

If the ISIR shows that the student or parent paid child support in 2012, the student must provide a statement signed by her or, if she is dependent, either parent and giving the annual amount of the support, the names of those who paid it and whom it was paid to, and the name(s) of the child(ren) for whom it was paid.

If you believe the information in that signed statement is inaccurate, the student must provide documentation, such as a copy of the separation agreement or divorce decree that shows the amount of child support to be provided, a statement from the person receiving the child support showing the amount provided, or copies of the child support checks or money order receipts.

Verification selection after PJ

When professional judgment (PJ) is used (and coded correctly) to adjust an application that is not selected for verification, the CPS prevents the subsequent transaction from being selected for verification.

Tax documents: special situations and alternatives

Electronic filing (e-file)

There are a variety of methods for filing the tax return electronically, which include do-it-yourself methods as well as having a tax preparer complete the return. Each method should permit printing of a paper copy of the return in those cases where the IRS Data Retrieval was not used and a tax return transcript is not available. Returns in the e-file format might not contain every line item, showing instead only the data the tax filer provided. For example, if Item 8a, “Taxable interest income,” does not appear on such a return, that means no taxable interest income was reported.

Non-filers

An AGI figure won’t be available for someone who isn’t required to file a tax return. A non-filer would instead report on the FAFSA income earned from work, which includes any income reported on the individual’s W-2 forms plus any other earnings from work not reported on those forms. Even if no taxes were paid on this income earned from work, it **should not** be reported as untaxed income on the FAFSA.

As mentioned earlier, non-filers must provide a signed statement, e.g., the institutional verification document, certifying their non-filer status and listing all the sources and amounts of income earned from work, and they must also provide any W-2 forms they have for that income.

Financial aid professionals are not expected to have special knowledge or expertise regarding the U.S. tax code. If someone whose data were required on the FAFSA submits a signed statement claiming non-filer status and you have reason to believe that person would have been required to file a U.S. tax return, this constitutes conflicting information and must be resolved. (For more on conflicting information, see *Chapter 5*.) For example, in such a case, you might require a letter from the IRS, a copy of the applicable tax provision, or other documentation supporting the claim to non-filer status. **Conflicting information must be resolved before you can disburse federal student aid.**

Immigrants are not exempt from tax filing. The IRS is concerned whether a person is a **resident alien**—legal or illegal does not matter—and a resident alien’s income is generally subject to tax in the same manner as a U.S. citizen’s. Immigrants who do not have an SSN and are unable to get one can apply with the IRS for an individual taxpayer identification number (ITIN). The ITIN is only for tax purposes. It does not authorize a person to work, endorse his legal status, or entitle him to the earned income credit or Social Security benefits.

Filing extensions

See the guidance on page 80 if any of the persons required to report information on the FAFSA haven’t filed a tax return by the time of verification and a filing extension was granted by the IRS.

Fiscal year tax returns

For a fiscal (not calendar) year return, a person should report the AGI and U.S. income tax paid from the return that includes the greater number of months in the base year (see *Chapter 2* for an example). To order a fiscal year tax transcript for verification, the person must use Form 4506-T rather than Form 4506T-EZ.

Nonresident filers

Certain nonresidents, mostly those holding temporary visas such as an F-1 or H-1, file a 1040NR return, which is acceptable documentation for verification. Such persons are neither permanent residents nor U.S. citizens.

Foreign income

As noted in Step 2 in *Chapter 2*, information from non-IRS tax returns would be reported on the FAFSA, with the value of the foreign income and taxes reported in U.S. dollars, using the exchange rate at the time of application. For verification these returns are considered equivalent to IRS Form 1040. If the student (or his parents) earned foreign income but did not pay any taxes on it, it should be reported as untaxed income.

Victims of identity theft

When the IRS determines a tax filer has been or likely was a victim of identity theft, it will not allow him to use the IRS DRT or get a tax return transcript until the matter has been resolved, which can take up to a year for complex cases. For a tax filer who is a victim of identity theft, you may accept for verification a signed copy of the paper tax return he filed, as well as a copy of IRS Form 14039, Identity Theft Affidavit, if he submitted that form to the IRS.

Sometimes the IRS does not require the tax filer to submit a Form 14039, or if he did submit the form, he might not have saved a copy. In these cases he must give you, in addition to the signed copy of the tax return, either a copy of a police report that he filed about the theft or a signed and dated statement that he was a victim of identity theft, that the IRS is investigating the matter, and that he either did not keep a copy of Form 14039 or the IRS did not require him to submit the form.

If the student reports on verification documents that he, his spouse, or his parent paid child support but did not report that on his FAFSA, you must resolve the conflict. However, if he was eligible for an automatic zero EFC, the child support paid question would not have been presented on FAFSA on the Web; as long as he is still eligible for an auto zero EFC, there is no need to correct the child support field on the application.

High school completion

Students must provide one of the following documents that indicate their high school completion status at the beginning of the 2013–2014 year:

- A copy of a high school diploma.
- A copy of a final, official high school transcript that shows the date when the diploma was awarded.
- A copy of a General Educational Development (GED) certificate or GED transcript.
- An academic transcript that indicates the student successfully completed at least a two-year program that is acceptable for full credit toward a bachelor's degree.
- A copy of a secondary school completion credential for homeschool (other than a high school diploma or its recognized equivalent) if state law requires homeschooled students to obtain that credential.
- A transcript or the equivalent, signed by the parent or guardian of a homeschooled student, that lists the secondary school courses the student completed and documents the successful completion of a secondary school education in a homeschool setting.

If your school has already received one of the documents above as part of the admission process, you do not need to ask for another. Students who are unable to get one of these documents must contact your financial aid office.

Identity and statement of educational purpose

Students should appear in person at the school and present a valid, government-issued photo identification (ID) such as a passport or a driver's license or other state-issued ID. You must maintain an annotated copy of that ID that includes the date it was received and the name of the person your school authorized to receive it.

Students must also sign a statement of educational purpose that certifies who they are and that the federal student aid they may receive will only be used for educational purposes and for the cost of attending the school for the 2013–2014 year.

A student who is unable to appear at the school must sign and submit the statement of educational purpose, and he must submit a copy of his ID with the statement signed by a notary public confirming that the student appeared before her and presented the ID confirming his identity.

2013–2014 Institutional Verification Document

Your 2013–2014 Free Application for Federal Student Aid (FAFSA) was selected for review in a process called verification. The law says that before awarding federal student aid, we may ask you to confirm the information you reported on your FAFSA. To verify that you provided correct information, we will compare your FAFSA with the information on this institutional verification document and with any other required documents. If there are differences, your FAFSA information may need to be corrected. You and a parent whose information was reported on the FAFSA must complete and sign this institutional verification document, attach any required documents, and submit the form and other required documents to us. We may ask for additional information. If you have questions about verification, contact us as soon as possible so that your financial aid will not be delayed.

A. Student's Information

Student's Last Name	First Name	M.I.	Student's Identification (ID) Number
Student's Street Address (include apt. no.)			Student's Date of Birth
City, State, Zip Code			Student's E-mail Address
Student's Home Phone Number (include area code)			Student's Alternate or Cell Phone Number

B. High School Completion Status

Provide one of the following documents that indicate the student's high school completion status when the student will begin college in 2013–2014:

- A copy of the student's high school diploma.
- A copy of the student's final official high school transcript that shows the date when the diploma was awarded.
- A copy of the student's General Educational Development (GED) certificate or GED transcript.
- An academic transcript that indicates the student successfully completed at least a two-year program that is acceptable for full credit toward a bachelor's degree.
- If state law requires a homeschooled student to obtain a secondary school completion credential for homeschool (other than a high school diploma or its recognized equivalent), a copy of that credential.
- If state law does not require a homeschooled student to obtain a secondary school completion credential for homeschool (other than a high school diploma or its recognized equivalent), a transcript or the equivalent, signed by the student's parent or guardian, that lists the secondary school courses the student completed and documents the successful completion of a secondary school education in a homeschool setting.

If the student is unable to obtain the documentation listed above, he or she must contact the financial aid office.

Student's Name _____ Student's ID Number _____

C. Identity and Statement of Educational Purpose (To Be Signed at the Institution)

The student must appear in person at _____ to
(Name of Postsecondary Educational Institution)

verify his or her identity by presenting a valid government-issued photo identification (ID), such as but not limited to a driver's license, other state-issued ID, or passport. The institution will maintain a copy of the student's photo ID that is annotated with the date it was received and the name of the official at the institution authorized to collect the student's ID.

In addition, the student must sign, in the presence of the institutional official, the following:

Statement of Educational Purpose

I certify that I, _____, am the individual signing this
(Print Student's Name)

Statement of Educational Purpose and that the federal student financial assistance
I may receive will only be used for educational purposes and to pay the cost of attending
_____ for 2013–2014.

(Name of Postsecondary Educational Institution)

(Student's Signature)

(Date)

(Student's ID Number)

Student's Name _____ Student's ID Number _____

D. Child Support Paid

One of the parents included in the household or the student paid child support in 2012. List below the names of the persons who paid the child support, the names of the persons to whom the child support was paid, the names of the children for whom the child support was paid, and the total annual amount of child support that was paid in 2012 for each child.

If more space is needed, provide a separate page that includes the student's name and ID number at the top.

Name of Person Who Paid Child Support	Name of Person to Whom Child Support Was Paid	Name of Child for Whom Support Was Paid	Amount of Child Support Paid in 2012

Note: If we have reason to believe that the information regarding child support paid is not accurate, we may require additional documentation, such as:

- A copy of the separation agreement or divorce decree that shows the amount of child support to be provided;
- A statement from the individual receiving the child support certifying the amount of child support received; or
- Copies of the child support payment checks or money order receipts.

E. Certifications and Signatures

Certifications and Signatures

Each person signing below certifies that all of the information reported is complete and correct. The student and one parent whose information was reported on the FAFSA must sign and date.

WARNING: If you purposely give false or misleading information, you may be fined, be sentenced to jail, or both.

Print Student's Name

Student's ID Number

Student's Signature

Date

Parent's Signature

Date

the school's federal code on FAA Access. Only the school performing the override will receive that transaction. If the student adds your school to the transaction or if she gives you her data release number (DRN), you can access the record.

CONFLICTING INFORMATION

In addition to reviewing application and data match information from the CPS, a school must have an adequate internal system to identify conflicting information—regardless of the source and regardless of whether the student is selected for verification—that would affect a student's eligibility, such as information from the admissions office as to whether the student has a high school diploma or information from other offices regarding academic progress and enrollment status. The school must resolve all such conflicting information, except when the student dies during the award year.

If your school has conflicting information concerning a student's eligibility or you have any reason to believe a student's application information is incorrect, you must resolve the discrepancies before disbursing FSA funds. If you discover discrepancies *after* disbursing FSA funds, you must still reconcile the conflicting information and take appropriate action under the specific program requirements.

Subsequent ISIRs

You are generally required to review all subsequent transactions for a student for the entire processing year even if you verified an earlier transaction. First determine if the EFC or the "C" flag has changed or if there are new comments or NSLDS information that impacts eligibility for aid. Also, check any updates or corrections. If the EFC has not changed and there are no changes in the "C" flag or NSLDS information, no action is generally required. If the EFC does change but it either doesn't affect the amount and type of aid received or the data elements that changed were already verified, no action is required. But if the EFC changes and the pertinent data elements were not verified, then you must investigate. Of course, any time the "C" flag changes or NSLDS data have been modified, you must resolve any conflicts.

Discrepant tax data

We have already stated that financial aid administrators do not need to be tax experts, yet there are some issues that even a layperson with basic tax law information can evaluate. Because conflicting data often involve such information, FAAs must have a fundamental understanding of relevant tax issues that can considerably affect the need analysis. You are obligated to know: (1) whether a person was required to file a tax return, (2) what the correct filing status for a person should be, and (3) that an individual cannot be claimed as an exemption by more than one person.

Publication 17 of the IRS, *Your Federal Income Tax*, is a useful resource for aid administrators. You can view it on the Web at www.irs.gov or you can call the IRS at 1-800-829-3676 to order a copy. It addresses pertinent tax issues on these pages: the filing requirements—i.e., who is required to file a return—are on pages 3–6; the instructions on which form a person should file are on pages 6–7; and the filing status requirements are on pages 19–24.

Requirement to identify and resolve discrepant information

34 CFR 668.16(f)

Requirement to verify questionable data

34 CFR 668.54(a)(2)

"If an institution has reason to believe that an applicant's FAFSA information is inaccurate, it must verify the accuracy of that information."

Online review of conflicting information policies

<http://ifap.ed.gov/qadocs/FSAVeriModule/activity1verif.doc>

IRS Publication 17

The IRS's Publication 17 is a large document, but so that you won't be daunted by its size, we have included the page numbers you might need to refer to.

OIG referrals

34 CFR 668.16(g)

For example, an FAA who notices that a dependent student's married parents have each filed as "head of household" (which offers a greater tax deduction than filing as single or married) must question whether that is the correct filing status. Publication 17 explains on pages 22–23 the criteria a person must meet to file as head of household. Resolution of the conflict may be a reasonable explanation of why there appears to be a conflict but is none, or the parents may refile and submit a copy of the amended return.

Resolution of conflicting information

You may not disburse aid until you have resolved conflicting information, which you must do for any student as long as he is at your school. Even if the conflict concerns a previous award year, you must still investigate it. You have resolved the matter when you have determined which data are correct; this might simply be confirming that an earlier determination was the right one. Of course, you must document your findings in the student's file and explain why, not simply assert that, your decision is justified.

REFERRAL OF FRAUD CASES

If you suspect that a student, employee, or other individual has misrepresented information or altered documentation to fraudulently obtain federal funds, you should report your suspicions and provide any evidence to the Office of Inspector General. See also *Volume 2*.

OIG Address and Phone Numbers		
<i>Regional Offices</i>	<i>Telephone No.</i>	<i>National Hotline</i>
Boston, MA	(617) 289-0174	Inspector General's Hotline Office of Inspector General U.S. Department of Education 400 Maryland Avenue, SW Washington, DC 20202-1500 1-800-MIS-USED E-mail: oig.hotline@ed.gov Web: http://www.ed.gov/about/offices/list/oig/hotline.html
New York, NY	(646) 428-3861	
Philadelphia, PA	(215) 656-6900	
Pittsburgh, PA	(215) 656-6900	
Atlanta, GA	(404) 974-9430	
Pembroke Pines, FL	(404) 974-9430	
Chicago, IL	(312) 730-1630	
Ann Arbor, MI	(312) 730-1630	
Dallas, TX	(214) 661-9530	
Denver, CO	(303) 844-0058	
Kansas City, MO	(816) 268-0530	
Long Beach, CA	(562) 980-4141	
Phoenix, AZ	(562) 980-4141	
San Juan, PR	(787) 766-6278	
Washington, DC	(202) 245-6911	

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HIGHER EDUCATION

Program Integrity Questions and Answers - Verification

Program Integrity Q&A

Questions on this topic are divided into the following categories:

- [Introductory Verification Questions](#)
- [General Questions](#)
- [Applicants Selected for Verification by the Department](#)
- [Applicants Selected for Verification by the Institution](#)
- [Verification Items](#)
- [Updating Applicant's FAFSA Information](#)
- [Acceptable Documentation for FAFSA Information Selected for Verification](#)
- [Changing Applicant's FAFSA Information](#)

UNLESS OTHERWISE NOTED, THE GUIDANCE BELOW APPLIES TO BOTH THE 2012-2013 AND THE 2013-2014 AWARD YEARS.

Introductory Verification Questions (IVQ)

IVQ-Q1. What is the effective date of the new regulations on the verification and updating of student aid application information for applicants who receive subsidized student financial assistance?

IVQ-A1. The new regulations on the verification and updating of student aid application information for applicants who receive subsidized student financial assistance are effective July 1, 2012. Any FAFSA/ISIR selected for verification for the 2012-2013 award year and subsequent award years must be verified according to the new verification regulations. [Program Integrity Issues; Final Rule (Page 66832)] [Guidance issued 03/13/2012]

IVQ-Q2. What are the subsidized and unsubsidized student financial assistance programs?

IVQ-A2. The subsidized student financial assistance programs are Title IV programs for which eligibility is determined on the basis of an applicant's EFC and include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), Federal Perkins Loan, and subsidized Direct Loan programs. The unsubsidized student financial aid programs are the Title IV programs for which eligibility is not based on the applicant's EFC and include the TEACH Grant, unsubsidized Direct Loan, and Direct PLUS Loan programs. [Section 668.52] [Guidance issued 03/13/2012]

[Top](#)

General Questions (VER)

VER-Q1. Where can I find guidance on the verification requirements?

VER-A1. The following resources provide guidance on the verification requirements:

General

- Program Integrity Issues; Proposed Rule (Pages 34825 – 34834)
<http://ifap.ed.gov/fregisters/FR061810ProgramIntegrityIssuesNPRM.html>
- Program Integrity Issues; Final Rule (Pages 66902 – 66913 and 66954 – 66958)
<http://www.ifap.ed.gov/fregisters/FR102910Final.html>

2012-2013 Award Year

- Federal Register Notice of Information to be Verified for the 2012-2013 Award Year
<http://www.ifap.ed.gov/fregisters/FR071311FAFSAInformation.html>
- Dear Colleague Letter GEN-11-13 and GEN-11-03
<http://www.ifap.ed.gov/dpcletters/GEN1113.html>
<http://www.ifap.ed.gov/dpcletters/GEN1103.html>
- Chapter 4 of the 2012-2013 Application and Verification Guide
<http://ifap.ed.gov/fsahandbook/1213FSAHandbookAVG.html>
- Errata and Updates to the Application and Verification Guide
<http://ifap.ed.gov/fsahandbook/1213FSAHandbookErrata.html>

How Do I Find...?

- Student loans, forgiveness
- Pell grants
- College accreditation
- Grants
- No Child Left Behind
- More

Popular Searches

- Sequestration
- PIN Website
- Contact
- FERPA
- 1098-E, tax forms

Teachers

Parents & Families

Preschool-12 Reform

College Completion

Get Connected

- Facebook
- YouTube
- Twitter
- Email Updates

More...

Related Topics

- Office of Federal Student Aid
- Office of Postsecondary Education

- A sample of the 2012-2013 Verification Worksheet
<http://www.ifap.ed.gov/vqworksheets/1213VerificationWkshts.html>
- 2012-2013 Electronic Data Exchange (EDE) Technical Reference
<http://www.ifap.ed.gov/ifap/byAwardYear.jsp?type=edetechref>
- 2012-2013 FAFSA Verification-IRS Tax Return Transcript Matrix
<http://ifap.ed.gov/eannouncements/031612FAFSA1213VerificationIRSTaxReturnMatrix.html>
- 2012-2013 ISIR Guide
<http://ifap.ed.gov/isirguide/attachments/1213ISIRGuideDec2011.pdf>
- Electronic Announcement on Acceptable Documentation for Verification of 2011 IRS Information
<http://www.ifap.ed.gov/eannouncements/072012AcceptableDocumentation4Verification2011IRSInfo.html>
- Electronic Announcement on Limited Circumstances When a Signed Copy of a Tax Return or Other Documentation is Acceptable for Completing Verification
<http://www.ifap.ed.gov/eannouncements/082112LimitedCircumstancesWhenSignedCopyofTaxReturnisAcceptable.html>
- Electronic Announcement on Acceptable Documentation Update for 2012-2013 Award Year Verification
<http://www.ifap.ed.gov/eannouncements/110212AwardYrVerAcceptDocs.html>

2013-2014 Award Year

- Federal Register Notice of Information to be Verified for the 2013-2014 Award Year
<http://www.ifap.ed.gov/fregisters/FR071212FASFA.html>
- Dear Colleague Letter GEN-12-11
<http://www.ifap.ed.gov/dpcletters/GEN1211.html>
- Electronic Announcement on Limited Circumstances When a Signed Copy of a Tax Return or Other Documentation is Acceptable for Completing Verification
<http://www.ifap.ed.gov/eannouncements/082112LimitedCircumstancesWhenSignedCopyofTaxReturnisAcceptable.html>
- Electronic Announcement on Plans for 2013-2014 Verification Worksheets
<http://www.ifap.ed.gov/eannouncements/110112Plansfor1314VerificationWorksheets.html>
- Electronic Announcement on the 2013-2014 Verification-Suggested Text
<http://www.ifap.ed.gov/eannouncements/011813VerificationSuggestedText1314.html>
- 2013-2014 Electronic Data Exchange (EDE) Technical Reference
<http://www.ifap.ed.gov/ifap/byAwardYear.jsp?type=edetechref>
- 2013-2014 ISIR Guide
<http://www.ifap.ed.gov/ifap/byAwardYear.jsp?type=isirguide>
- Chapter 4 of the 2013-2014 Application and Verification Guide
<http://ifap.ed.gov/fsahandbook/1314FSAHandbookAVG.html>
- Acceptable IRS Documentation for 2013-2014 Award Year Verification
<http://ifap.ed.gov/eannouncements/011813VerificationSuggestedText1314.html> [Guidance issued 01/26/2012; **revised 03/1/2013**]

VER-Q2. Does the use of professional judgment by a financial aid administrator (FAA) automatically require an applicant to be selected for verification by the institution, therefore requiring the institution to complete verification prior to making a professional judgment decision?

VER-A2. No. An institution is only required to complete verification prior to making professional judgment adjustments when the applicant's FAFSA information has been selected for verification by the Department or by the institution. (Section 668.53) [Guidance issued 01/26/2012]

VER-Q3. Are adjustments to an applicant's FAFSA information that are based on professional judgment selected for verification?

VER-A3. No. Transactions that reflect professional judgment adjustments to an applicant's FAFSA information will not be reevaluated under the verification selection model and therefore, will not be selected for verification as long as the FAA sets the professional judgment flag when the changes are submitted. (Section 668.53) [Guidance issued 01/26/2012]

VER-Q4. May an institution delay disbursing Title IV student financial assistance until the institution completes verification of the FAFSA information it selected beyond the items required by the Department?

VER-A4. It depends on the FAFSA information that has been selected for verification. An institution may delay disbursing Title IV student financial assistance if the FAFSA information that it has required to be verified would impact the applicant's Title IV student aid eligibility. For example, while not required by the Department, the institution requires verification of an applicant's claim that she is an emancipated minor and thus is independent. Because the result of verification could change the applicant's dependency status and, therefore, her Title IV eligibility, the institution may delay disbursing the federal

aid until the question of emancipation has been verified.

However, if the item(s) the institution selects for verification would not impact the applicant's eligibility for Title IV student financial assistance, the institution may not delay disbursing Title IV student financial assistance until verification of those items is completed. For example, the institution requires verification of home equity to determine the applicant's eligibility for state or institutional aid. Because there will be no impact on the applicant's Title IV eligibility regardless of the result of verification, disbursement of Title IV aid may not be delayed while waiting for verification of home equity. (Section 668.58(a)) [Guidance issued 01/26/2012]

VER-Q5. Are Quality Assurance (QA) institutions exempt from the new verification rules beginning with the 2012-2013 award year?

VER-A5. Yes. The changes made to the verification regulations do not alter the way the QA Program operates. In fact, the Department expects that data and results generated from institutions participating in the QA Program will help assess the effectiveness of the new verification regulations. (Section 487A(a)) [Guidance issued 01/26/2012; **revised 02/15/2013**]

VER-Q6. Must an institution complete verification for selected applicants who will only receive aid under the unsubsidized student financial assistance programs and were not offered aid under the subsidized student financial assistance programs?

VER-A6. No. An institution is not required to complete verification for students who are only receiving aid under the unsubsidized student financial assistance programs and were not offered aid under the subsidized student financial assistance programs. [Section 668.54(b)(1)(iii)] [Guidance issued 03/13/2012]

VER-Q7. Must an institution complete verification for a selected applicant who is eligible for subsidized and unsubsidized student financial assistance but who chooses not to accept the subsidized student financial assistance?

VER-A7. Although generally an institution is not required to complete verification for applicants who only receive unsubsidized student financial assistance, an applicant is not allowed to avoid completing verification by accepting only the unsubsidized student financial assistance. In such a case, the institution must complete verification in order for the applicant to be eligible for any Title IV aid. [Sections 668.51(a), 668.54(b)(1)(ii) and (iii)] [Guidance issued 03/13/2012]

VER-Q8. How should an institution proceed if a selected applicant receives unsubsidized student financial assistance during the first half of the award year, but is later awarded subsidized student financial assistance (i.e., FWS or Perkins Loans) for the second half of the award year?

VER-A8. The institution is not required to complete verification during the first half of the award year because the applicant was only receiving aid under the unsubsidized student financial assistance programs. However, once the institution awarded the applicant subsidized student financial assistance in the second half of the award year, the institution must complete verification for the entire award year according to the new verification regulations. [Sections 668.51(a), 668.54(b)(1)(ii) and (iii)] [Guidance issued 03/13/2012]

VER-Q9. Because graduate students are ineligible for need-based Title IV grants and will no longer be eligible to receive subsidized Direct Loans, are there any conditions under which graduate students' FAFSA information will need verification?

VER-A9. Since graduate students remain eligible for subsidized Title IV aid in the form of FWS and Perkins Loans, if the institution participates in one or both of those programs it is likely that at least some graduate students will need to be verified. Verification would be required if, under the institution's awarding policy for FWS and/or Perkins, the graduate student would be awarded aid under those programs. [Sections 668.51(a), 668.54(b)(1)(iii), 34 CFR 674.10(a)(1) and 34 CFR 675.10(a)] [Guidance issued 03/13/2012]

VER-Q10. Is it acceptable under an institution's FWS and Perkins awarding policy to exclude graduate students from consideration for those programs or to consider graduate students for those programs only after such assistance has been offered to eligible undergraduate students?

VER-A10. No. An institution is not allowed under its packaging policies to exclude eligible graduate students from consideration for assistance under the FWS or Perkins Loan programs or to consider eligible graduate students for assistance under those programs only after such assistance has been offered to eligible undergraduate students. The regulations provide that assistance under the FWS and Perkins Loan programs must be made reasonably available to all eligible students, including graduate students. [Sections 34 CFR 674.10(a)(1) and 34 CFR 675.10(a)] [Guidance issued 03/13/2012]

VER-Q11. May an institution disburse unsubsidized student financial assistance, i.e., Direct Unsubsidized Loans and PLUS Loans, prior to completing verification for a selected applicant who is eligible for both subsidized and unsubsidized

student financial assistance?

VER-A11. Yes. However, when determining the amount of the unsubsidized student financial assistance, the institution must ensure that the subsidized assistance the applicant is estimated to receive before completing verification is taken into consideration to avoid exceeding the applicant's financial need. And, after verification of the subsidized assistance is completed, the school must ensure that both the subsidized assistance and the unsubsidized assistance are adjusted if necessary. [Sections 668.51(a), 668.54(b)(1)(ii) and (iii)] [Guidance issued 10/10/2012]

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Applicants Selected for Verification by the Department (DS)

DS-Q1. May an institution require an applicant who was selected for verification by the Department to verify other FAFSA information in addition to those items identified by the Department for the award year?

DS-A1. Yes. An institution may require an applicant to verify any FAFSA information that it specifies, and the institution may decide what documentation is acceptable for its institutionally chosen items. For example, an institution may choose to verify (for some or for all of its applicants) "income earned from work," and the institution may determine that copies of IRS W-2 forms will be the required documentation. (Section 668.54(a)) [Guidance issued 01/26/2012]

DS-Q2. When an applicant is not selected for verification by the Department on the applicant's initial transaction, is it possible for that applicant to be selected for verification by the Department on a subsequent transaction?

DS-A2. Yes. Whenever a change to FAFSA information is submitted to the Department, the applicant's FAFSA record is reevaluated under the verification selection model. While the change will not, in itself, result in the applicant being selected, in some instances the review of the entire record could result in the applicant being selected for verification. (Section 668.54) [Guidance issued 01/26/2012]

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Applicants Selected for Verification by the Institution (IS)

IS-Q1. May an institution select applicants for verification other than those selected by the Department?

IS-A1. Yes. An institution may require applicants other than those selected by the Department to verify FAFSA information. (Section 668.54(a)(3)) [Guidance issued 01/26/2012]

IS-Q2. Must an institution require an applicant it selects for verification to verify all of the FAFSA information identified by the Department for the award year? Must the institution comply with the "acceptable documentation" requirements for the FAFSA information it selects for verification?

IS-A2. For the applicants it selects for verification, an institution is not required to verify any or all of the FAFSA information identified by the Secretary for the award year and it may require verification of other FAFSA information. The institution may also determine what documentation to accept for the applicants it selects for verification, for any of the FAFSA information it has determined must be verified. (Section 668.54(a)(3)) [Guidance issued 01/26/2012]

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Verification Items (VI)

VI-Q1. Are tax filers who filed or will file a tax return required to verify income earned from work?

VI-A1. No. Tax filers who filed or will file a tax return are not required to verify income earned from work. (Section 668.56) [Guidance issued 01/26/2012]

VI-Q2. Are institutions required to verify the receipt of - Supplemental Nutrition Assistance Program (SNAP) - Food Stamps - benefits that was reported on a verification worksheet or other documentation at the institution, but not reported on the applicant's FAFSA?

VI-A2. There are special verification considerations for the "means tested benefits programs," including SNAP, that are on the FAFSA (see questions 74 through 78 and 95 through 99 on the FAFSA). This is because receipt of any of those benefit programs only impacts the applicant's eligibility for Title IV aid if receipt of the benefit makes the applicant eligible for either of the alternate expected family contribution (EFC) calculations: Automatic Zero EFC (Auto Zero EFC) or Simplified Needs Test (SNT). Because not all applicants are eligible to be considered for these alternate EFC calculations (e.g., income too high) and because some

applicants are eligible based on other factors (e.g., type of tax return filed), many applicants are not presented with the means tested benefits programs question.

Therefore, some applicants for whom the question was not presented, may have actually received (or someone in their family received) SNAP benefits. Depending on how the institution has chosen to communicate its verification requirement, these applicants might provide the institution with information about the receipt of SNAP on a verification worksheet (or other format) even when the question was not presented to applicants completing FAFSA on the Web.

In instances where the applicant's ISIR does not indicate the receipt of SNAP but the applicant was, nonetheless, determined to be eligible for either of the alternate EFC calculations, the receipt of SNAP benefits was not needed to determine eligibility for Auto Zero EFC or for SNT. When this is the case, there is no need for the institution to change the FAFSA SNAP field using FAA Access. Similarly, if the applicable income precludes the applicant from being considered for either of the alternate EFC calculations, there is no need for the institution to change the FAFSA SNAP field.

However, in instances where it appears that the applicant, who was not determined to be eligible for one of the alternate EFC calculations, would become eligible if the response to the SNAP question was "Yes," the institution must change the FAFSA SNAP field so that the applicant can appropriately benefit from the special EFC calculation. For example, an applicant completing FAFSA on the Web reports an AGI of \$52,000. Because the AGI exceeds the income threshold to qualify for either of the alternate EFC calculations, the applicant is not presented with any of the alternative EFC calculation questions. Therefore, the applicant's ISIR will not indicate that the applicant or a household member met any of the eligibility criteria for Auto Zero or SNT. However during verification, the applicant correctly reports to the institution a change in her AGI from \$52,000 to \$22,000 and indicates receipt of SNAP benefits. In this case, the institution would be required to change the FAFSA SNAP field when correcting the applicant's AGI.

To eliminate burden on institutions with a requirement that they determine whether they must change the FAFSA SNAP field so that a determination can be made as to whether the applicant would or would not be eligible for one of the alternative EFC calculations, it is permissible for an institution to change the FAFSA SNAP field in all instances and let the Department's systems determine eligibility. [Guidance issued 01/26/2012; **revised 02/15/2013**]

VI-Q3. Must an institution require an applicant selected for verification to verify receipt of SNAP benefits (food stamps) if the applicant or someone in the applicant's household, or if applicable, the applicant's parent's household, also reported receipt of one of the other means-tested federal benefits that would make the applicant eligible for one of the alternate EFC calculations? (FAFSA Questions 74, 76-78 and 95, 97-99)?

VI-A3. Yes. If the receipt of SNAP benefits was included on the applicant's ISIR, the institution must require an applicant selected for verification to verify the receipt of SNAP benefits.

The institution may document the receipt of SNAP benefits by obtaining a statement signed by the applicant or parent, as appropriate, affirming that SNAP benefits were received by someone in the household during the 2010 or 2011 calendar year for award year 2012-2013 and 2011 or 2012 calendar year for the 2013-2014 award year. The Department's 2012-2013 sample verification worksheets for the 2012-2013 award year and the suggested verification text for the 2013-2014 award year provide such a statement. Alternatively, the institution may require documentation from the agency that issued the SNAP benefits. (Sections 668.56 and 668.57(d)) [Guidance issued 03/13/2012; **revised 02/15/2013**]

VI-Q4. How are distributions from an Individual Retirement Account (IRA) handled by the FAFSA-IRS Data Retrieval Tool, and how should a school address any portion of such a distribution that is "rolled over" into another qualified IRA? How are distributions from pensions and other annuities treated?

VI-A4. IRS requirements, as discussed in IRS Publication 75 and IRS Publication 575, provide that most distributions from IRAs (as well as from most pensions and annuities) are treated as taxable income. However, those publications discuss allowing some or all of these distributions to be excluded from taxable income under certain conditions. If none of the exclusionary conditions apply, the tax filer is instructed to report the full amount of the distribution on IRS Form 1040 line 15b for an IRA distribution and line 16b for pensions and annuities. If, however, the tax filer is eligible to exclude some or all of the distributions, the IRS instructs the tax filer to enter the full amount of the distribution on IRS Form 1040 line 15a or 16a, as appropriate. The tax filer is then instructed to subtract from the amount in 15a or 16a any portion of the distribution that, under IRS rules, is exempt from being considered as taxable income. The difference is then reported on lines 15b or 16b, as appropriate, and becomes part of the taxable income and thus, part of the tax filer's adjusted gross income (AGI). If there are qualified rollovers, the IRS guidance tells the tax filer to enter the word "Rollover" on the

tax return next to line 15b or 16b. Note that the corresponding IRA line items for an IRS Form 1040A are 11a and 11b for IRAs, and 12a and 12b for pensions and annuities.

The summary above is not provided as official IRS guidance. Tax filers should consult the IRS or their tax advisors for definitive guidance on the rules governing the treatment of IRAs and pensions and annuities for tax purposes.

FAFSA Requirements: Generally, amounts of any distributions that were excluded from taxable income under the IRS rules—the difference between line 15a and line 15b or between line 16a and 16b—are considered untaxed income for the purpose of calculating an applicant's expected family contribution (EFC), and therefore, should be reported on the FAFSA as responses to Questions 44e and 92e for IRAs, and 44f and 92f for pensions. However, the calculation of an EFC allows for the exclusion of any amount of the distribution that is a rollover. Thus the FAFSA instructions tell the applicant to exclude rollover amounts when answering the above FAFSA questions. This guidance is also provided in Chapter 2 of the Department's Application and Verification Guide that is part of the Federal Student Aid Handbook.

IRS Data Retrieval Tool: Of course, the FAFSA-IRS Data Retrieval Tool cannot know if the word "Rollover" was included on the tax return. Therefore, it assumes that the total difference between the distribution reported on line 15a or 16a, and the taxable portion on line 15b or 16b is untaxed income for EFC purposes, and that amount will be transferred from the FAFSA-IRS Data Retrieval Tool into the FAFSA as untaxed income for FAFSA questions 44e or 92e for IRA distributions or 44f or 92f for pension distributions.

The FAFSA applicant, the applicant's parent, or the institution may modify the amount that the FAFSA-IRS Data Retrieval Tool transferred into the FAFSA, if all or a portion of that amount should not be included as untaxed income because of a rollover. To support such a change, the institution must maintain documentation (see below) that the amount not included in the FAFSA was an amount that was the result of a rollover.

Verification Requirements: Since neither the information from the FAFSA-IRS Data Retrieval Tool nor an IRS Tax Return Transcript will include the tax filer's "Rollover" notation, to verify the amounts that should be included on the FAFSA, the institution must obtain a written statement from the tax filer indicating the amount of the distribution that was excluded because it was an authorized IRS rollover. Acceptable documentation could be a signed statement from the tax filer. Acceptable documentation could also be a notation by the tax filer on the IRS Tax Return Transcript that includes the word "Rollover" beside the applicable item(s) on the transcript, similar to the instructions provided for the IRS Form 1040 or 1040A. If the institution accepts as documentation of the rollover a notation on the IRS Tax Return Transcript, it must ensure that the notation is signed and dated by the tax filer.

[Guidance issued 05/04/2012; revised 02/15/2013]

VI-Q5. Must an institution complete verification of all FAFSA information identified by the Secretary in the July 13, 2011, Federal Register notice for selected applicants who are eligible for either of the alternate expected family contribution (EFC) calculations: Automatic Zero EFC (Auto Zero EFC) or Simplified Needs Test (SNT)?

VI-A5. Generally, yes for SNT eligible applicants and no for Auto Zero applicants.

The only difference in the EFC calculation for SNT eligible applicants is the elimination of assets and assets are not items that are required to be verified. Therefore, SNT eligible applicants are required to verify all FAFSA information listed in Federal Register notice published July 13, 2011.

For Auto Zero EFC eligible applicants, the information that must be verified varies slightly between those applicants who are dependent and those who are independent.

Auto Zero EFC for a Dependent Applicant Selected for Verification—If the "Automatic Zero EFC Indicator" field on the ISIR is set to "Yes," only the following FAFSA/ISIR information must be verified:

- The parent's AGI if the parent(s) was a tax filer;
- The parent's income earned from work if the parent(s) was not a tax filer; and
- The receipt of SNAP benefits (food stamps) by any household member if used to qualify for Auto Zero EFC.

Auto Zero EFC for an Independent Applicant Selected for Verification—If the "Automatic Zero EFC Indicator" field on the ISIR is set to "Yes," only the following FAFSA/ISIR information must be verified:

- The applicant's (and spouse's, if applicable) AGI if a tax filer;
- The applicant's (and spouse's, if applicable) income earned from work if not a tax filer;

- The number of household members to determine if the independent applicant has one or more dependents other than a spouse; and
 - The receipt of SNAP benefits (food stamps) by any household member if used to qualify for Auto Zero EFC.
- [Section 668.56] [Guidance issued 05/04/2012 and applies only to the 2012-2013 award year]

VI-Q6. Are institutions required to verify the payment of Child Support that was reported on a verification worksheet or other documentation at the institution, but not reported on the applicant's FAFSA?

VI-A6. An institution must resolve conflicts between an applicant's FAFSA information and other information at the institution, including information that was reported on a verification worksheet. For this question, the conflict is that when completing the FAFSA the applicant did not indicate payment of child support by the applicant, the applicant's spouse, and/or the applicant's parent. Yet, on a verification worksheet, or other documentation received by the institution, payment of child support was reported. Resolving this conflict is important because if it is determined that child support was paid, the applicant's EFC will likely be reduced. Note, however, that if the applicant was eligible for Automatic Zero EFC (Auto Zero EFC), the Child Support Paid question would not have been presented. In this case, so long as the applicant is still Auto Zero EFC eligible, there would be no need to correct the Child Support Paid field. (Section 668.16(f)) [Guidance issued 10/10/2012]

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Updating Applicant's FAFSA Information (UPD)

UPD-Q1. When an FAA updates an applicant's marital status "to address an inequity or to reflect more accurately the applicant's ability to pay" under §668.55(c), what other information must also be updated?

UPD-A1. Usually when the applicant's marital status changes, there is no updating of the applicant's dependency status or, for applicants selected for verification, household size or number in college. However, under §668.55(c), an FAA may update the applicant's FAFSA information due to a change in the applicant's marital status if the FAA determines it is necessary to address an inequity or to reflect more accurately the applicant's ability to pay.

If an FAA chooses to exercise the authority allowed under §668.55(c), all relevant FAFSA information must be updated to be consistent with the new marital status, including the spouse's financial information, for applicants whose dependency status changes, or for applicants who are selected for verification. The FAA updates these applicants' marital status on a case-by-case basis and must document the reason for the decision.

Likewise, for an applicant who was independent only because he or she was married when the FAFSA was first completed, if the FAA changes the applicant's marital status to unmarried, making the applicant dependent, the FAFSA must be updated with parental information. [Section 668.55(c)] [Guidance issued 01/26/2012; revised 03/13/2012]

UPD-Q2. What happens when a change to an applicant's marital status is made?

UPD-A2. When an applicant's marital status is updated, the Department's Central Processing System (CPS) will reject the resulting transaction. The FAA may use FAA Access to CPS Online to enter an FAA-only reject override that will result in a new transaction with the updated dependency status. [2012-2013 ISIR Guide pages 19, A-2; 2013-2014 ISIR Guide page 19] [Guidance issued 03/13/2012; revised 02/15/2013]

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Acceptable Documentation for FAFSA Information Selected for Verification (DOC)

DOC-Q1. How can the IRS Data Retrieval Process be used to satisfy the verification requirement if the tax filer has not filed an income tax return at the time of completing the FAFSA?

DOC-A1. If the tax filer has not filed an income tax return at the time the FAFSA was initially completed, estimated income tax information may be used. Once the tax filer has filed the income tax return, the IRS data may be retrieved and transferred using the IRS Data Retrieval Process available through the corrections process of FAFSA on the Web. (Section 668.57(a)) [Guidance issued 01/26/2012]

DOC-Q2. What documentation must be collected from an applicant who was selected for verification if the applicant or the applicant's parent(s) filed an amended tax return with the IRS?

DOC-A2. The Department's objective is to ensure that Title IV aid eligibility determinations are made based on the most accurate information possible.

However, the FAFSA on the Web IRS Data Retrieval Tool (DRT) will only transfer certain, but not all, tax information from an original tax return and none of the tax information from an amended tax return. Similarly, the IRS Tax Return Transcript only includes information from the original tax return. While the IRS Tax Account Transcript does include tax return items that were changed when an amended return was filed, it does not specify which line items correspond with the line items from an IRS Tax Return Transcript, making it difficult for institutions to identify the tax information that was changed.

Therefore, when an institution is aware that an amended tax return was filed, the institution will need to use information from both documents selected below to complete and satisfy the verification requirements—

- a signed copy of the original tax return that was filed with the IRS, an IRS Tax Return Transcript (which does not have to be signed), or the documentation specified under DOC-Q10/DOC-A10, and
- a signed copy of the IRS Form 1040X that was filed with the IRS.

Individuals who originally utilized the IRS DRT to complete their FAFSA may not rely on that tax information to complete and satisfy the verification requirements if an amended tax return was filed. In this case, the documentation listed earlier must also be obtained in order to complete and satisfy the verification requirements.

This guidance supersedes our prior guidance on what is acceptable documentation when an amended tax return is filed with the IRS in DCL GEN-11-13, DCL GEN-12-11, Sample 2012-2013 Verification Worksheet EA, and our recent EA dated August 21, 2012 on the Limited Circumstances When a Signed Copy of a Tax Return or Other Documentation is Acceptable for Completing Verification. (Sections 668.57(a)) [Guidance issued 01/26/2012; **revised 10/10/2012**]

DOC-Q3. May an applicant have an IRS Tax Return Transcript sent directly to a college or university?

DOC-A3. It is the Department's understanding that IRS Tax Return Transcripts requested online or by telephone will only be sent by the IRS to the address of the tax filer and cannot be sent directly to a third-party by the IRS. However, on line 5 of the paper IRS Form 4506T-EZ tax filers may request that the IRS mail their IRS Tax Return Transcript directly to a third-party. Institutions are responsible for notifying aid applicants to list the institution as the third-party to receive the transcript. See the attachment to DCL GEN-11-13 for guidance on the IRS Tax Return Transcript Request Process at <http://www.ifap.ed.gov/dpccletters/GEN1113.html>. (Section 668.57(a)) [Guidance issued 01/26/2012]

DOC-Q4. May an institution decide what documentation is acceptable for its institutionally selected applicants?

DOC-A4. Yes. The institution may decide what documentation is acceptable for its institutionally-selected applicants both for institutionally-selected information and for FAFSA information that has been identified for verification by the Department for the award year. Keep in mind that while the institution may identify acceptable documentation for institutionally-selected applicants, the institution **must** use the documentation identified in the Federal Register notice for applicants selected by the Department. (Sections 668.53(b)(1) and 668.54(a)) [Guidance issued 01/26/2012]

DOC-Q5. Is the information provided on a verification worksheet or other documentation at the institution sufficient to verify household size, number in college, receipt of Supplemental Nutrition Assistance Program (SNAP) benefits, child support paid, or income earned from work for nontax filers; since the applicant signs the verification worksheet or other documentation submitted to the institution acknowledging that the information is correct?

DOC-A5. A verification worksheet or other documentation at the institution may serve as the signed statement to verify household size, number in college, receipt of SNAP benefits, child support paid, or income earned from work for nontax filers, as long as the worksheet or other documentation has a certification statement similar to what is included on the Department's sample verification worksheet for the 2012-2013 award year or the suggested verification text for the 2013-2014 award year. An institution is not required to use the 2012-2013 sample verification worksheet developed by the Department nor the suggested verification text for the 2013-2014 award year. It may use its own worksheet or require other documentation. [Guidance issued 01/26/2012; **revised 02/15/2013**]

DOC-Q6. What documentation must be collected from an applicant who was selected for verification and whose Institutional Student Information Record (ISIR) shows receipt of Food Stamps – Supplemental Nutrition Assistance Program (SNAP)?

DOC-A6. An institution may accept as documentation, to verify the FAFSA reported receipt of SNAP benefits included on the ISIR, a signed statement by one of the parents of a dependent applicant or by an independent applicant that

certifies that either they or another person who was included in the FAFSA household size (FAFSA Questions 72 and 93) received SNAP benefits during the 2010 or 2011 calendar year for award year 2012-2013 and 2011 or 2012 calendar year for the 2013-2014 award year. The Department's sample verification worksheet for the 2012-2013 award year and the suggested verification text for the 2013-2014 award year provide such a statement. Alternatively, the institution may require documentation from the agency that issued the SNAP benefits. (Section 668.57(d)) [Guidance issued 01/26/2012; **revised 02/15/2013**]

DOC-Q7. For verification of nontax filer wages, are institutions required to collect both the W-2(s) from all employers and the signed statement certifying that the individual has not filed and is not required to file an income tax return, listing all income and sources?

DOC-A7. Yes. For nontax filers, an institution is required to collect a signed statement certifying that the person is not required to file an income tax return and including the sources and amounts of any income earned from work. In addition, copies of an IRS W-2 form for each source of income earned from work must also be collected. The sample 2012-2013 verification worksheets provided by the Department or the suggested verification text for the 2013-2014 award year will assist an institution in accomplishing this. Institutions that do not use the Department's sample worksheets or the suggested verification text must collect the documentation necessary to account for all sources of income. [Section 668.57(a)(4)(i)] [Guidance issued 03/13/2012; **revised 02/15/2013**]

DOC-Q8. For verifying child support paid, please clarify whether the institution is required to obtain the signature of the person who paid the child support?

DOC-A8. To minimize burden on families and institutions that would result by requiring the signature of the person who paid the child support, the signature of the applicant and, for a dependent student, one of the applicant's parents, on the Department's sample verification worksheets (or on a similar form developed by the institution) will meet the verification requirement for child support paid. This is because by providing those signatures the applicant, or parent, is certifying that the information provided is complete and accurate. This policy is consistent with our position to only require the applicant's signature and not the applicant's spouse and only one parent's signature for a dependent student when completing the Free Application for Federal Student Aid (FAFSA). [Section 668.57(d)] [Guidance issued 03/13/2012]

DOC-Q9. May an institution accept or make a copy of an IRS transcript that was originally obtained from the IRS?

DOC-A9. Yes, an institution may accept or make a copy of an IRS transcript that was originally obtained from the IRS. [Section 668.57(a)(1)(i)] [Guidance issued 03/13/2012]

DOC-Q10. May an institution use a Record of Account Transcript, a Return Transcript for Taxpayer (RTFTP), or an Information Returns Processing Transcript Request - Wages (IRPTR-W) provided by the IRS to meet the verification requirements?

DOC-A10. An institution may accept as verification documentation any IRS tax transcript that includes all of the income and tax information required to be verified: adjusted gross income (AGI), U.S. income tax paid, Untaxed IRA Distributions, Untaxed Pensions, Education Credits, IRA Deductions and Tax Exempt Interest. Therefore, because the Record of Account Transcript and the Return Transcript for Taxpayer (RTFTP) includes all of the above noted information, either document may be used to meet the verification requirements. However, because the Information Returns Processing Transcript Request - Wages (IRPTR-W) only provides wage information it does not satisfy the verification requirements. [Section 668.57(a)(1)(i)] [Guidance issued 05/04/2012; **revised 10/10/2012**]

DOC-Q11. In some cases, tax filers who have visited an IRS field office have been provided with a copy of their IRS tax return stamped "official" in lieu of an IRS Tax Return Transcript. May an institution use an IRS tax return that has been stamped "official" by the IRS as a substitute for an IRS Tax Return Transcript to meet the verification requirements?

DOC-A11. An IRS tax return that has an "official" stamp by the IRS is not a substitute for an IRS Tax Return Transcript. However, as provided in the April 16, 2012 Dear Colleague Letter (GEN-12-07), institutions may, until July 15, 2012, accept a signed copy of the relevant (i.e., applicant, spouse, or parent) 2011 IRS Tax Return as acceptable verification documentation for the 2012-2013 award year. After July 15, 2012, or if an institution chooses not to accept the tax return prior to that date, the applicant, spouse or parent must obtain an IRS Tax Return Transcript, if unable to use the IRS Data Retrieval Tool. [Section 668.57(a)] [Guidance issued 06/21/2012 **and applies only to the 2012-2013 award year**]

DOC-Q12. May an institution meet the signature requirements for verification

documentation submitted by an applicant, parent or spouse through an electronic process?

DOC-A12. For verification documentation purposes, an institution may collect an electronic signature for an applicant, parent or spouse if the process for obtaining the electronic signature includes assurances that the person providing the electronic signature is the person whose signature is being collected. Often, this is accomplished through a PIN or password process where the PIN or password has been assigned only after authentication of the identity of the person to whom the PIN or password is assigned. [Guidance issued 06/21/2012]

DOC-Q13. DOC-Q13. Is there an instance when an IRS Request Flag code of "02" would not carry forward to a subsequent transaction?

DOC-A13. Yes, when the student, parent, or FAA corrects a transaction on which the IRS Request Flag is not set to '02' or a change is made to any of the associated IRS information. An example would be where the student when completing the FAFSA used the IRS Data Retrieval Tool to transfer IRS information to the FAFSA but the parent did not. The resultant ISIR transaction '01' would have an IRS Request Flag code of '02' for the student and '05' for the parent. If the family then used the '01' transaction to transfer the parent's IRS information using the IRS Data Retrieval Tool, the resultant ISIR transaction '02' would have an IRS Request Flag code of '02' for both the student and the parent. If the family or FAA used the '01' transaction instead of the '02' transaction when submitting a correction that did not change any of the IRS information, the resultant ISIR transaction '03' would again have an IRS Request Flag code of '02' for the student and '05' for the parent because those were the values in the '01' transaction that was used to make the last correction. Likewise, if the FAA used the '02' transaction to submit a correction to the parent's IRS information, the resultant transaction would have an IRS Request Flag code of '02' for the student but not for the parent because of the change to the parent's IRS information. The IRS Request Flag codes can be found in the 2012-2013 ISIR Guide on pages 25-26 and the 2013-2014 ISIR Guide on page 26. [Guidance issued 06/21/2012; revised 02/15/2013]

DOC-Q14. What tax information should an institution use when both the IRS Data Retrieval Tool is used and an IRS Tax Return Transcript is obtained?

DOC-A14. We have informed institutions that tax information obtained through the IRS Data Retrieval Tool (DRT) may be considered verified if that information was not subsequently changed after it was transferred from the IRS to the FAFSA. However, an IRS Tax Return Transcript may provide a "per computer" amount for certain tax information that is different than the amount the tax filer originally reported to the IRS. The "per computer" is an amount that has been modified by the IRS to correct mathematical errors and therefore is more accurate than the amount for the same tax information that was transferred through the IRS DRT. The IRS Tax Return Transcript may also include other tax information that may be different from what was initially reported on the FAFSA but was not part of the tax information transferred through the IRS DRT. Institutions are not required to obtain an IRS Tax Return Transcript to complete verification for individuals who successfully utilized the IRS DRT. If an institution obtains a copy of a tax filer's IRS Tax Return Transcript, any amount(s), including the "per computer" amount(s), on the transcript that is different from the amount reported on the FAFSA by \$25 or more must be corrected on the FAFSA through CPS. However if an institution is required to submit any change through CPS as a result of verification it must submit all changes, including amounts that are below the \$25 tolerance. (Sections 668.16(f), 668.57(a), and 668.59(a)(2)) [Guidance issued 09/13/2012]

DOC-Q15. What documentation is required for an applicant, parent or spouse who is the victim of identity theft and, as a result, is unable to use the IRS Data Retrieval Tool or to obtain an IRS Tax Return Transcript until the matter has been resolved by the IRS?

DOC-A15. When the IRS determines that a tax filer has been, or likely was, a victim of identity theft, it will not allow that tax filer to obtain tax information through the use of the IRS DRT or to receive an IRS Tax Return Transcript until the matter has been resolved by the IRS. Resolution could take up to a year, depending on the complexity of the case. Therefore, in instances when the tax filer has been the victim of identity theft, the institution may accept for verification purposes a signed copy of the paper IRS income tax return that was filed with the IRS along with additional documentation as follows.

If the tax filer had submitted to the IRS an IRS Form 14039 "Identity Theft Affidavit," a copy of that signed form must be submitted to the institution with the signed copy of the paper tax return.

In some instances, the IRS does not require the tax filer to submit an IRS Form 14039 or the tax filer may not have saved a copy of the IRS Form 14039 that was submitted to the IRS. In these instances, the tax filer must submit, in addition to the signed copy of the tax return, either:

- a statement signed and dated by the tax filer indicating that he or she was a victim of IRS identity theft and that the IRS is investigating the matter. The statement must also indicate that the tax filer submitted a Form 14039 to the IRS, but did not keep a copy of it or that he or she was not required to file the form; or
- a copy of a police report that may have been filed by the tax filer related to the IRS identity theft. [Section 668.57(d)] [Guidance issued in an Electronic Announcement dated August 21, 2012; **revised guidance issued on page 3 in APPENDIX A of the Electronic Announcement dated January 18, 2013**]

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Changing Applicant's FAFSA Information (CHD)

CHD-Q1. Is an institution required to submit changes to a FAFSA dollar item that is less than \$25 if the institution has to submit a change to a nondollar item? What if the other item is a dollar item where the change is \$25 or more?

CHD-A1. Yes. If an institution is required to submit any change as a result of verification it must submit all changes. For example, if there is a change in number of family members and also a change in the Education Credit amount of only \$15, the institution must submit both changes to the CPS even though the difference in the amount of the Education Credit is less than the \$25 tolerance. Likewise, if, for example, the difference for AGI is \$100, and the difference for taxes paid is \$20, the institution must submit both the AGI and the taxes paid changes, not just the AGI change that exceeded the \$25 tolerance. [Section 668.59] [Guidance issued 06/21/2012]

CHD-Q2. Since IRA rollovers are not reflected on the IRS Tax Return Transcript or transferred into an online FAFSA using the IRS Data Retrieval Process, is changing the FAFSA to reflect the rollover exclusion a "correction," an "update" or "professional judgment?"

CHD-A2. Such a change is a correction and not updating or a use of professional judgment. [Guidance issued 10/10/2012]

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Program Integrity Q&A

[Printable view](#)  

Last Modified: 03/05/2013

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ESTIMATOR E-MAIL NOTIFICATION TEXT – DEPENDENT STUDENT

Subject: Important – Updates Needed for Your FAFSA

Dear [Applicant],

When you completed your 2013-2014 Free Application for Federal Student Aid (FAFSA), you indicated that you were going to file your taxes and were providing estimated 2012 tax information. If you have now completed and filed your 2012 tax returns, it is time for you to update your FAFSA.

You can update your FAFSA at www.fafsa.gov. You should change your answer on the FAFSA (question 32) to reflect you “already completed” your tax return. Once you have made this change, you will need to update the information you initially reported on the FAFSA to reflect the actual information from the 2012 tax return you filed.

The tax-related questions you should review on your FAFSA include adjusted gross income, income tax paid, number of exemptions, and income earned from work. You should also ensure that your FAFSA correctly identifies the type of tax return that was filed (IRS 1040, 1040A, 1040EZ, foreign tax return, etc.) and that you have entered the correct amounts for Additional Financial Information (questions 43a-f) and Other Untaxed Income (questions 44a-j).

It is important that you make the necessary changes to the tax information so your FAFSA includes the same information that was included on your tax return. However, when making corrections based on your completed federal tax returns, do not update other information that was correct at the time you filed your FAFSA. For example, do not change your answer for household size (question 72) or for number in college (question 73); unless your answer was incorrect as of the date your FAFSA was originally signed.

Keep in mind that if estimated tax information was provided on your FAFSA for your parent, that information should also be updated to reflect the actual information from the 2012 tax return your parents filed. If you or your parents have not completed your 2012 federal tax returns at this time, you must be sure to update your FAFSA information once the returns are completed. Your ability to receive federal student aid can be impacted if you do not make the necessary updates or corrections.

Thank you for your attention to this important matter. If you have additional questions, online help is available. Visit www.fafsa.gov and click the “Help” feature on the FAFSA home page for information on the FAFSA process.

U.S. Department of Education
Federal Student Aid

ESTIMATOR E-MAIL NOTIFICATION TEXT – PARENT OF DEPENDENT STUDENT

Subject: Important – Updates Needed for Your Child’s FAFSA

Dear Parent of [Applicant],

Recently your information was provided in the parental section of your child’s 2013-2014 Free Application for Federal Student Aid (FAFSA). The information you provided indicated you were going to file your taxes and were providing estimated 2012 tax information. If you have now completed and filed your 2012 tax returns, it is time for you to update your child’s FAFSA.

Updated information can be provided once your child accesses his or her FAFSA at www.fafsa.gov. You should change your answer on the FAFSA (question 79) to reflect you “already completed” your tax return. Once you have made this change, you will need to update the information you initially reported on the FAFSA to reflect the actual information from the 2012 tax return you filed.

The tax-related questions you should review on your child’s FAFSA include adjusted gross income, income tax paid, number of exemptions, and income earned from work. You should also ensure your child’s FAFSA correctly identifies the type of tax return that was filed (IRS 1040, 1040A, 1040EZ, foreign tax return, etc.) and that you entered the correct amounts for Additional Financial Information (questions 91a-f) and Other Untaxed Income (questions 92a-i).

It is important that you make the necessary changes to the tax information so that your child’s FAFSA includes the same information that was included on your tax return. However, when making corrections based on your completed federal tax returns, do not update other information that was correct at the time your child filed the FAFSA. For example, do not change the answer for household size (question 72) or for number in college (question 73); unless the answer was incorrect as of the date the FAFSA was originally signed.

Keep in mind that if the FAFSA contains estimated tax information for your child, that information should also be updated to reflect the actual information from the 2012 tax return your child filed. If you or your child has not completed your 2012 federal tax returns at this time, you must be sure to update your FAFSA information once the returns are completed. Your child’s ability to receive federal student aid can be impacted if you do not make the necessary updates or corrections.

Thank you for your attention to this important matter. If you have additional questions, online help is available. Visit www.fafsa.gov and click the “Help” feature on the FAFSA home page for information on the FAFSA process.

U.S. Department of Education
Federal Student Aid

ESTIMATOR E-MAIL NOTIFICATION TEXT – INDEPENDENT STUDENT

Subject: Important – Updates Needed for Your FAFSA

Dear [Applicant],

When you completed your 2013-2014 Free Application for Federal Student Aid (FAFSA), you indicated you were going to file your taxes and were providing estimated 2012 tax information. If you have now completed and filed your 2012 tax returns, it is time for you to update your FAFSA.

You can update your FAFSA at www.fafsa.gov. You should change your answer on the FAFSA (question 32) to reflect you “already completed” your tax return. Once you have made this change, you will need to update the information you initially reported on the FAFSA to reflect the actual information from the 2012 tax return you filed.

The tax-related questions you should review on your FAFSA include adjusted gross income, income tax paid, number of exemptions, and income earned from work. You should also ensure that your FAFSA correctly identifies the type of tax return that was filed (IRS 1040, 1040A, 1040EZ, foreign tax return, etc.) and that you entered the correct amounts for Additional Financial Information (questions 43a-f) and Other Untaxed Income (questions 44a-j).

It is important that you make the necessary changes to the tax information so your FAFSA includes the same information that was included on your tax return. However, when making corrections based on your completed federal tax returns, do not update other information that was correct at the time you filed your FAFSA. For example, do not change your answer for household size (question 93) or for number in college (question 94); unless your answer was incorrect as of the date your FAFSA was originally signed.

Your ability to receive federal student aid can be impacted if you do not make the necessary updates or corrections.

Thank you for your attention to this important matter. If you have additional questions, online help is available. Visit www.fafsa.gov and click the “Help” feature on the FAFSA home page for information on the FAFSA process.

U.S. Department of Education
Federal Student Aid

Comparison of Tax Return and Tax Transcript Data

2011 Tax Year

FAFSA instructions direct applicants to obtain information from certain lines on IRS income tax returns, which differ based on whether the tax filer completed a Form 1040, 1040A or 1040EZ. For the most part, the instructions are able to identify the relevant lines on the tax return by line number. These line item numbers do not appear on IRS tax transcripts. Instead, each item is identified by name. When verifying FAFSA data using tax transcripts, it is important to identify the correct answer for comparison.

The following pages contain sample tax returns for Sam Lee (IRS Form 1040-EZ), Cam Larson (IRS Form 1040-A), and Michael and Brooke Davis (IRS Form 1040), as well as sample IRS Tax Return Transcripts for these tax filers. Relevant line items have been highlighted as follows:

Red: information to help cross-reference tax return line items with corresponding data on the tax return transcript.

Yellow: tax return line items that are required verification data elements for the 2012-2013 award year.

Blue: tax return line items listed in the FAFSA instructions, which should be reviewed for potential conflicting information.

Tax Transcript Material
from USA FUNDS

Sample IRS Form 1040EZ: Sam Lee

Department of the Treasury—Internal Revenue Service			
Form 1040EZ	Income Tax Return for Single and Joint Filers With No Dependents (99)		OMB No. 1545-0074
Your first name and initial Sam R		Last name Lee	Your social security number AAA AA AAAA
If a joint return, spouse's first name and initial		Last name	Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions. 123 Broken Arrow		Apt. no.	▲ Make sure the SSN(s) above are correct.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Anaheim, CA 92804			
Foreign country name		Foreign province/county	Foreign postal code
<div style="display: flex; justify-content: flex-end;"> <input checked="" type="checkbox"/> You <input type="checkbox"/> Spouse </div>			
Income Attach Form(s) W-2 here. Enclose, but do not attach, any payment.	1 Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.		1 6,381 00
	2 Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.		2
	3 Unemployment compensation and Alaska Permanent Fund dividends (see instructions).		3
	4 Add lines 1, 2, and 3. This is your adjusted gross income .		4 6,381 00
	5 If someone can claim you (or your spouse if a joint return) as a dependent, check the applicable box(es) below and enter the amount from the worksheet on back. <input checked="" type="checkbox"/> You <input type="checkbox"/> Spouse If no one can claim you (or your spouse if a joint return), enter \$9,500 if single ; \$19,000 if married filing jointly . See back for explanation.		5 5,800 00
	6 Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your taxable income .		6 581 00
Payments, Credits, and Tax	7 Federal income tax withheld from Form(s) W-2 and 1099.		7 350 00
	8a Earned income credit (EIC) (see instructions).		8a
	b Nontaxable combat pay election. 8b		
	9 Add lines 7 and 8a. These are your total payments and credits .		9 350 00
	10 Tax . Use the amount on line 6 above to find your tax in the tax table in the instructions. Then, enter the tax from the table on this line.		10 59 00
Refund Have it directly deposited! See instructions and fill in 11b, 11c, and 11d or Form 8888.	11a If line 9 is larger than line 10, subtract line 10 from line 9. This is your refund . If Form 8888 is attached, check here <input type="checkbox"/>		11a 291 00
	b Routing number c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number		
Amount You Owe	12 If line 10 is larger than line 9, subtract line 9 from line 10. This is the amount you owe . For details on how to pay, see instructions.		12
	Third Party Designee Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No		
Sign Here Joint return? See instructions. Keep a copy for your records.	Under penalties of perjury, I declare that I have examined this return and, to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.		
	Your signature Sam R. Lee		Date 2/24/12
	Spouse's signature. If a joint return, both must sign.		Date
Paid Preparer Use Only	Print/Type preparer's name		Personal identification number (PIN)
	Preparer's signature		Daytime phone number (555) 123-4567
	Date		If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
	Check <input type="checkbox"/> if self-employed		PTIN
Firm's name		Firm's EIN	
Firm's address		Phone no.	

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

Cat. No. 11329W

Form **1040EZ** (2011)

Use this form if

- Your filing status is single or married filing jointly. If you are not sure about your filing status, see instructions.
- You (and your spouse if married filing jointly) were under age 65 and not blind at the end of 2011. If you were born on January 1, 1947, you are considered to be age 65 at the end of 2011.
- You do not claim any dependents. For information on dependents, see Pub. 501.
- Your taxable income (line 6) is less than \$100,000.
- You do not claim any adjustments to income. For information on adjustments to income, use TeleTax topics 451–453 and 455–458 (see instructions).
- The only tax credit you can claim is the earned income credit (EIC). The credit may give you a refund even if you do not owe any tax. You do not need a qualifying child to claim the EIC. For information on credits, use TeleTax topics 601, 602, 607, 608, 610, 611, and 612 (see instructions).
- You had only wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund dividends, and your taxable interest was not over \$1,500. But if you earned tips, including allocated tips, that are not included in box 5 and box 7 of your Form W-2, you may not be able to use Form 1040EZ (see instructions). If you are planning to use Form 1040EZ for a child who received Alaska Permanent Fund dividends, see instructions.

Filling in your return

If you received a scholarship or fellowship grant or tax-exempt interest income, such as on municipal bonds, see the instructions before filling in the form. Also, see the instructions if you received a Form 1099-INT showing federal income tax withheld or if federal income tax was withheld from your unemployment compensation or Alaska Permanent Fund dividends.

For tips on how to avoid common mistakes, see instructions.

Remember, you must report all wages, salaries, and tips even if you do not get a Form W-2 from your employer. You must also report all your taxable interest, including interest from banks, savings and loans, credit unions, etc., even if you do not get a Form 1099-INT.

Worksheet for Line 5 — Dependents Who Checked One or Both Boxes

Use this worksheet to figure the amount to enter on line 5 if someone can claim you (or your spouse if married filing jointly) as a dependent, even if that person chooses not to do so. To find out if someone can claim you as a dependent, see Pub. 501.

A. Amount, if any, from line 1 on front	6,381.00		
	+ 300.00	Enter total ▶	A. 6,681.00
B. Minimum standard deduction			B. 950.00
C. Enter the larger of line A or line B here			C. 6,681.00
D. Maximum standard deduction. If single , enter \$5,800; if married filing jointly , enter \$11,600			D. 5,800.00
E. Enter the smaller of line C or line D here. This is your standard deduction			E. 5,800.00
F. Exemption amount.			
• If single, enter -0-.			
• If married filing jointly and —			
—both you and your spouse can be claimed as dependents, enter -0-.			
—only one of you can be claimed as a dependent, enter \$3,700.			
G. Add lines E and F. Enter the total here and on line 5 on the front			G. 5,800.00

(keep a copy for your records)

If you did not check any boxes on line 5, enter on line 5 the amount shown below that applies to you.

- Single, enter \$9,500. This is the total of your standard deduction (\$5,800) and your exemption (\$3,700).
- Married filing jointly, enter \$19,000. This is the total of your standard deduction (\$11,600), your exemption (\$3,700), and your spouse's exemption (\$3,700).

Mailing Return

Mail your return by **April 17, 2012**. Mail it to the address shown on the last page of the instructions.



Internal Revenue Service

United States Department of the Treasury

This Product Contains Sensitive Taxpayer Data

Request Date: 03-15-2012
Response Date: 03-15-2012
Tracking Number: XXXXXXXXXXXX

Tax Return Transcript

SSN Provided: AAA-AA-AAAA
Tax Period Ending: Dec. 31, 2011

The following items reflect the amount as shown on the return (PR), and the amount as adjusted (PC), if applicable. They do not show subsequent activity on the account.

SSN: AAA-AA-AAAA
SPOUSE SSN:

NAME(S) SHOWN ON RETURN: SAM R LEE

ADDRESS: 123 BROKEN ARROW
ANAHEIM, CA 92804

FILING STATUS:	Single
FORM NUMBER:	1040EZ
CYCLE POSTED:	20121102
RECEIVED DATE:	Apr. 15, 2012
REMITTANCE:	\$0.00
5 EXEMPTION NUMBER:	0
IDENTITY THEFT PERSONAL ID NUMBER:	000000
PREPARER SSN:	
PREPARER EIN:	

Income

1	WAGES, SALARIES, TIPS, ETC:.....	\$6,381.00
	TAXABLE INTEREST INCOME:.....	\$0.00
	TAX-EXEMPT INTEREST:.....	\$0.00
	UNEMPLOYMENT COMPENSATION:.....	\$0.00

Adjustments to Income

4	ADJUSTED GROSS INCOME:.....	\$6,381.00
	ADJUSTED GROSS INCOME PER COMPUTER:.....	\$6,381.00
	DEPENDENT ON ANOTHER TP:.....	YES
	FORM 1040EZ DEDUCTION AND EXEMPTION PER COMPUTER:.....	\$0.00

Tax and Credits

TAXABLE INCOME:.....	\$581.00
TAXABLE INCOME PER COMPUTER:.....	\$581.00

Other Taxes

10	TOTAL TAX LIABILITY TP FIGURES:.....	\$59.00
	TOTAL TAX LIABILITY TP FIGURES PER COMPUTER:.....	\$59.00

Payments

FEDERAL INCOME TAX WITHHELD:.....	\$350.00
MAKING WORK PAY AND GOV'T RET CREDIT:.....	\$0.00
MAKING WORK PAY AND GOV'T RET CREDIT PER COMPUTER:.....	\$0.00
MAKING WORK PAY AND GOV'T RET CREDIT VERIFIED:.....	\$0.00
EARNED INCOME CREDIT:.....	\$0.00
EARNED INCOME CREDIT PER COMPUTER:.....	\$0.00
EARNED INCOME CREDIT NONTAXABLE COMBAT PAY:.....	\$0.00
SMALL EMPLOYER HEALTH INSURANCE PER COMPUTER:.....	\$0.00
TOTAL PAYMENTS:.....	\$350.00
TOTAL PAYMENTS PER COMPUTER:.....	\$350.00

Tracking Number: XXXXXXXXXXXX

Refund or Amount Owed

REFUND AMOUNT:..... \$-291.00
BAL DUE/OVER PYMT USING TP FIG PER COMPUTER:..... \$-291.00
BAL DUE/OVER PYMT USING COMPUTER FIGURES:..... \$-291.00
FORM 8888 TOTAL REFUND PER COMPUTER:..... \$0.00

Third Party Designee

THIRD PARTY DESIGNEE ID NUMBER:.....
AUTHORIZATION INDICATOR:..... 0
THIRD PARTY DESIGNEE NAME:.....

This Product Contains Sensitive Taxpayer Data

Sample IRS Form 1040A: Cam E. Larson

Form 1040A		Department of the Treasury—Internal Revenue Service		U.S. Individual Income Tax Return (99)		2011		IRS Use Only—Do not write or staple in this space.																																				
Your first name and initial Cam E.				Last name Larson				OMB No. 1545-0074																																				
If a joint return, spouse's first name and initial				Last name				Your social security number GGG GG GGGG																																				
								Spouse's social security number																																				
Home address (number and street). If you have a P.O. box, see instructions. 456 Center Street								Apt. no.																																				
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Fullerton, CA 92883								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. <input type="checkbox"/> You <input type="checkbox"/> Spouse																																				
Foreign country name				Foreign province/county		Foreign postal code																																						
Filing status Check only one box.		1 <input checked="" type="checkbox"/> Single 2 <input type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶			4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 <input type="checkbox"/> Qualifying widow(er) with dependent child (see instructions)																																							
Exemptions		6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a. b <input type="checkbox"/> Spouse c Dependents: <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>(1) First name</th> <th>Last name</th> <th>(2) Dependent's social security number</th> <th>(3) Dependent's relationship to you</th> <th>(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> </tbody> </table>								(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>
(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)																																								
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If more than six dependents, see instructions.		Boxes checked on 6a and 6b No. of children on 6c who: • lived with you • did not live with you due to divorce or separation (see instructions) Dependents on 6c not entered above Add numbers on lines above ▶ 1																																										
		d Total number of exemptions claimed.																																										
Income		7 Wages, salaries, tips, etc. Attach Form(s) W-2. 7 22,058 00																																										
Attach Form(s) W-2 here. Also attach Form(s) 1099-R if tax was withheld. If you did not get a W-2, see instructions. Enclose, but do not attach, any payment. Also, please use Form 1040-V.		8a Taxable interest. Attach Schedule B if required. 8a b Tax-exempt interest. Do not include on line 8a. 8b																																										
		9a Ordinary dividends. Attach Schedule B if required. 9a b Qualified dividends (see instructions). 9b																																										
		10 Capital gain distributions (see instructions). 10																																										
		11a IRA distributions. 11a				11b Taxable amount (see instructions). 11b																																						
		12a Pensions and annuities. 12a				12b Taxable amount (see instructions). 12b																																						
		13 Unemployment compensation and Alaska Permanent Fund dividends. 13																																										
		14a Social security benefits. 14a				14b Taxable amount (see instructions). 14b																																						
				15 Add lines 7 through 14b (far right column). This is your total income . ▶ 15 22,058 00																																								
Adjusted gross income		16 Educator expenses (see instructions). 16 17 IRA deduction (see instructions). 17 18 Student loan interest deduction (see instructions). 18 2,500 00 19 Tuition and fees. Attach Form 8917. 19 20 Add lines 16 through 19. These are your total adjustments . 20 2,500 00 21 Subtract line 20 from line 15. This is your adjusted gross income . ▶ 21 19,558 00																																										
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11327A Form 1040A (2011)																																												

Form 1040A (2011)

Sample Tax Transcript 1040A: Cam E. Larson



Internal Revenue Service
United States Department of the Treasury

This Product Contains Sensitive Taxpayer Data

Request Date: 02-24-2012
Response Date: 02-24-2012
Tracking Number: XXXXXXXXXXXX

Tax Return Transcript

SSN Provided: GGG-GG-GGGG
Tax Period Ending: Dec. 31, 2011

The following items reflect the amount as shown on the return (PR), and the amount as adjusted (PC), if applicable. They do not show subsequent activity on the account.

SSN: GGG-GG-GGGG
SPOUSE SSN:

NAME(S) SHOWN ON RETURN: Cam E. Larson

ADDRESS: 456 CENTER STREET
FULLERTON, CA 92833

FILING STATUS: SINGLE
FORM NUMBER: 1040A
CYCLE POSTED: 20120905
RECEIVED DATE: Apr. 15, 2012
REMITTANCE: \$0.00
EXEMPTION NUMBER: 1

DEPENDENT 1 NAME CTRL:
DEPENDENT 1 SSN:
DEPENDENT 2 NAME CTRL:
DEPENDENT 2 SSN:
DEPENDENT 3 NAME CTRL:
DEPENDENT 3 SSN:
DEPENDENT 4 NAME CTRL:
DEPENDENT 4 SSN:
IDENTITY THEFT PERSONAL ID NUMBER: 000000
PREPARER SSN: XXXXX
PREPARER EIN: XX-XXXX

Income

WAGES, SALARIES, TIPS, ETC: \$22,058.00
TAXABLE INTEREST INCOME: \$0.00
TAX-EXEMPT INTEREST: \$0.00
ORDINARY DIVIDEND INCOME: SCH B: \$0.00
QUALIFIED DIVIDENDS: \$0.00
CAPITAL GAIN OR LOSS: SCHEDULE D: \$0.00
CAPITAL GAINS OR LOSS: SCHEDULE D PER COMPUTER: \$0.00
TOTAL IRA DISTRIBUTIONS: \$0.00
TAXABLE IRA DISTRIBUTIONS: \$0.00
TOTAL PENSIONS AND ANNUITIES: \$0.00
TAXABLE PENSION/ANNUITY AMOUNT: \$0.00
UNEMPLOYMENT COMPENSATION: \$0.00
TOTAL SOCIAL SECURITY BENEFITS: \$0.00
TAXABLE SOCIAL SECURITY BENEFITS: \$0.00
TAXABLE SOCIAL SECURITY BENEFITS PER COMPUTER: \$0.00
SCH EIC DISQUALIFIED INC COMPUTER: \$0.00
TOTAL INCOME: \$22,058.00
TOTAL INCOME PER COMPUTER: \$22,058.00

Adjustments to Income

EDUCATOR EXPENSES: \$0.00
EDUCATOR EXPENSES PER COMPUTER: \$0.00
EARLY WITHDRAWAL OF SAVINGS PENALTY: \$0.00
IRA DEDUCTION: \$0.00
IRA DEDUCTION PER COMPUTER: \$0.00

STUDENT LOAN INTEREST DEDUCTION:.....\$2,500.00
 STUDENT LOAN INTEREST DEDUCTION PER COMPUTER:.....\$2,500.00
 TUITION AND FEES DEDUCTION:.....\$0.00
 TUITION AND FEES DEDUCTION PER COMPUTER:.....\$0.00
 JURY DUTY PAY DEDUCTION:.....\$0.00
 TOTAL ADJUSTMENTS:.....\$2,500.00
 TOTAL ADJUSTMENTS PER COMPUTER:.....\$2,500.00
 ADJUSTED GROSS INCOME:.....\$19,558.00
 ADJUSTED GROSS INCOME PER COMPUTER:.....\$19,558.00

65-OR-OVER:.....0
 BLIND:.....0
 SPOUSE 65-OR-OVER:.....0
 SPOUSE BLIND:.....0
 EXEMPTION AMOUNT PER COMPUTER:.....\$3,700.00
 TAXABLE INCOME:.....\$10,058.00
 TAXABLE INCOME PER COMPUTER:.....\$10,058.00
 TENTATIVE TAX:.....\$1,086.00
 TENTATIVE TAX PER COMPUTER:.....\$1,086.00
 CHILD & DEPENDENT CARE CREDIT:.....\$0.00
 CHILD & DEPENDENT CARE CREDIT PER COMPUTER:.....\$0.00
 CREDIT FOR ELDERLY AND DISABLED:.....\$0.00
 CREDIT FOR ELDERLY AND DISABLED PER COMPUTER:.....\$0.00
 EDUCATION CREDIT:.....\$1,000.00
 EDUCATION CREDIT PER COMPUTER:.....\$1,000.00
 GROSS EDUCATION CREDIT PER COMPUTER:.....\$0.00
 RETIREMENT SAVINGS CNTRB CREDIT:.....\$0.00
 RETIREMENT SAVINGS CNTRB CREDIT PER COMPUTER:.....\$0.00
 PRIM RET SAV CNTRB: F8880 LN6A:.....\$0.00
 SEC RET SAV CNTRB: F8880 LN6B:.....\$0.00
 CHILD TAX CREDIT:.....\$0.00
 CHILD TAX CREDIT PER COMPUTER:.....\$0.00
 ADOPTION CREDIT: F8839:.....\$0.00
 ADOPTION CREDIT PER COMPUTER:.....\$0.00
 TOTAL CREDITS:.....\$1,000.00
 TOTAL CREDITS PER COMPUTER:.....\$1,000.00

ADVANCED EARNED INCOME CREDIT:.....\$0.00
 TOTAL TAX LIABILITY TP FIGURES:.....\$86.00
 TOTAL TAX LIABILITY TP FIGURES PER COMPUTER:.....\$86.00

FEDERAL INCOME TAX WITHHELD:.....\$2,229.00
 ESTIMATED TAX PAYMENTS:.....\$0.00
 MAKING WORK PAY AND GOV'T RET CREDIT:.....\$0.00
 MAKING WORK PAY AND GOV'T RET CREDIT PER COMPUTER:.....\$0.00
 MAKING WORK PAY AND GOV'T RET CREDIT VERIFIED:.....\$0.00
 REFUNDABLE EDUCATION CREDIT:.....\$0.00
 REFUNDABLE EDUCATION CREDIT PER COMPUTER:.....\$0.00
 REFUNDABLE EDUCATION CREDIT VERIFIED:.....\$0.00
 EARNED INCOME CREDIT:.....\$0.00
 EARNED INCOME CREDIT PER COMPUTER:.....\$0.00
 EARNED INCOME CREDIT NONTAXABLE COMBAT PAY:.....\$0.00
 SCHEDULE M NONTAXABLE COMBAT PAY:.....\$0.00
 FORM 8812 NONTAXABLE COMBAT PAY:.....\$0.00
 TOT SS/MEDICARE WITHHELD: F8812:.....\$0.00
 FORM 8812 ADDITIONAL CHILD TAX CREDIT:.....\$0.00
 FORM 8812 ADDITIONAL CHILD TAX CREDIT PER COMPUTER:.....\$0.00
 FORM 8812 ADDITIONAL CHILD TAX CREDIT VERIFIED:.....\$0.00
 SMALL EMPLOYER HEALTH INSURANCE PER COMPUTER:.....\$0.00
 TOTAL PAYMENTS:.....\$2,229.00
 TOTAL PAYMENTS PER COMPUTER:.....\$2,229.00

REFUND AMOUNT:.....\$-2,143.00
APPLIED TO NEXT YEAR'S ESTIMATED TAX:.....\$0.00
ESTIMATED TAX PENALTY:.....\$0.00
BAL DUE/OVER PYMT USING TP FIG PER COMPUTER:.....\$-2,143.00
BAL DUE/OVER PYMT USING COMPUTER FIGURES:.....\$-2,143.00
FORM 8888 TOTAL REFUND PER COMPUTER:.....\$0.00

THIRD PARTY DESIGNEE ID NUMBER:.....
AUTHORIZATION INDICATOR:.....0
THIRD PARTY DESIGNEE NAME:.....

Form 8863 - Education Credits (Hope and Lifetime Learning Credits)

PART III - ALLOWABLE EDUCATION CREDITS

GROSS EDUCATION CR PER COMPUTER:.....\$1,000.00
TOTAL EDUCATION CREDIT AMOUNT:.....\$1,000.00
GROSS EDUCATION CREDIT AMOUNT PER COMPUTER:.....\$1,000.00

This Product Contains Sensitive Taxpayer Data

Sample IRS Form 1040: Michael and Brooke Davis

1040		Department of the Treasury—Internal Revenue Service (99)		2011	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.																																				
For the year Jan. 1-Dec. 31, 2011, or other tax year beginning , 2011, ending , 20																																										
Your first name and initial Michael C.		Last name Davis		Your social security number BBB BB BBBB																																						
If a joint return, spouse's first name and initial Brooke B.		Last name Davis		Spouse's social security number CCC CC CCCC																																						
Home address (number and street). If you have a P.O. box, see instructions. 123 Main Street					Apt. no.																																					
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Springfield, OR 97477					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. <input type="checkbox"/> You <input type="checkbox"/> Spouse																																					
Foreign country name		Foreign province/county		Foreign postal code																																						
Filing Status 1 <input type="checkbox"/> Single 2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶ 4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 <input type="checkbox"/> Qualifying widow(er) with dependent child																																										
Exemptions 6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a b <input type="checkbox"/> Spouse <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">(1) First name</th> <th colspan="2">Last name</th> <th>(2) Dependent's social security number</th> <th>(3) Dependent's relationship to you</th> <th>(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)</th> </tr> </thead> <tbody> <tr> <td colspan="2">Jack</td> <td colspan="2">Franklin Davis</td> <td>DDD DD DDDD</td> <td>Son</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td colspan="2"></td> <td colspan="2"></td> <td></td> <td></td> <td><input type="checkbox"/></td> </tr> <tr> <td colspan="2"></td> <td colspan="2"></td> <td></td> <td></td> <td><input type="checkbox"/></td> </tr> <tr> <td colspan="2"></td> <td colspan="2"></td> <td></td> <td></td> <td><input type="checkbox"/></td> </tr> </tbody> </table> If more than four dependents, see instructions and check here ▶ <input type="checkbox"/> d Total number of exemptions claimed								(1) First name		Last name		(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)	Jack		Franklin Davis		DDD DD DDDD	Son	<input checked="" type="checkbox"/>							<input type="checkbox"/>							<input type="checkbox"/>							<input type="checkbox"/>
(1) First name		Last name		(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)																																				
Jack		Franklin Davis		DDD DD DDDD	Son	<input checked="" type="checkbox"/>																																				
						<input type="checkbox"/>																																				
						<input type="checkbox"/>																																				
						<input type="checkbox"/>																																				
Income 7 Wages, salaries, tips, etc. Attach Form(s) W-2 8a Taxable interest. Attach Schedule B if required b Tax-exempt interest. Do not include on line 8a 8b 9a Ordinary dividends. Attach Schedule B if required b Qualified dividends 9b 10 Taxable refunds, credits, or offsets of state and local income taxes 11 Alimony received 12 Business income or (loss). Attach Schedule C or C-EZ 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/> 14 Other gains or (losses). Attach Form 4797 15a IRA distributions 15a b Taxable amount 15b 16a Pensions and annuities 16a b Taxable amount 16b 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 18 Farm income or (loss). Attach Schedule F 19 Unemployment compensation 20a Social security benefits 20a b Taxable amount 20b 21 Other income. List type and amount 22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶																																										
Adjusted Gross Income 23 Educator expenses 23 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 24 25 Health savings account deduction. Attach Form 8889 25 26 Moving expenses. Attach Form 3903 26 27 Deductible part of self-employment tax. Attach Schedule SE 27 28 Self-employed SEP, SIMPLE, and qualified plans 28 29 Self-employed health insurance deduction 29 30 Penalty on early withdrawal of savings 30 31a Alimony paid b Recipient's SSN ▶ 31a 32 IRA deduction 32 33 Student loan interest deduction 33 34 Tuition and fees. Attach Form 8917 34 35 Domestic production activities deduction. Attach Form 8903 35 36 Add lines 23 through 35 36 37 Subtract line 36 from line 22. This is your adjusted gross income ▶																																										

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

Cat. No. 11320B

Form **1040** (2011)



PHILADELPHIA, PA 19255-1498

Tracking ID: XXXXXXXXXXXXX

Date of Issue: 2-24-2012

MICHAEL C. DAVIS
123 MAIN STREET
SPRINGFIELD, OR 97477

Tax Period: December, 2011

Information about the Request We Received

In this letter, we'll report the status of the request we received. We've enclosed the transcript or transcripts that you requested on February 24, 2012.

A tax return transcript is generally available for the current processing year and for three prior years. It contains most of the information from your original return, along with information from the forms and schedules you filed with it.

The transcript, however, does not contain changes made to the return, by either you or us, after you filed the return. Such changes could include your filing an amended return, corrections we make to the return because we discovered a math mistake, or a payment credited after you filed the return. The transcript also does not show refunds.

Information for current tax years is available immediately on our computer systems.

Delivery time to you depends on how you submit your request and the delivery method you select to receive the information.

If you have any questions about information contained in the transcripts or other enclosed information, please call us at the IRS telephone number listed in your local directory or at 1-800-829-8374.

Sincerely Yours,

Director
Electronic Products & Svs Support

Enclosures:
Return Transcript



This Product Contains Sensitive Taxpayer Data

Request Date: 02-24-2012
Response Date: 02-24-2012
Tracking Number: XXXXXXXXXXXX

Tax Return Transcript

SSN Provided: BBB-BB-BBBB
Tax Period Ending: Dec. 31, 2011

The following items reflect the amount as shown on the return (PR), and the amount as adjusted (PC), if applicable. They do not show subsequent activity on the account.

SSN: BBB-BB-BBBB
SPOUSE SSN: CCC-CC-CCCC

NAME(S) SHOWN ON RETURN: MICHAEL C & BROOKE B DAVIS

ADDRESS: 123 MAIN STREET
SPRINGFIELD, OR 97477

FILING STATUS: Married Filing Joint
FORM NUMBER: 1040
CYCLE POSTED: 20120605
RECEIVED DATE: Apr. 15, 2012
REMITTANCE: \$0.00
EXEMPTION NUMBER: 3
DEPENDENT 1 NAME CTRL: DAVI
DEPENDENT 1 SSN: DDD-DD-DDDD
DEPENDENT 2 NAME CTRL:
DEPENDENT 2 SSN:
DEPENDENT 3 NAME CTRL:
DEPENDENT 3 SSN:
DEPENDENT 4 NAME CTRL:
DEPENDENT 4 SSN:
IDENTITY THEFT PERSONAL ID NUMBER: 000000
PREPARER SSN: XXXXX
PREPARER EIN: XX-XXXX

Income

WAGES, SALARIES, TIPS, ETC: \$29,440.00
TAXABLE INTEREST INCOME: SCH B: \$0.00
TAX-EXEMPT INTEREST: \$0.00
ORDINARY DIVIDEND INCOME: SCH B: \$0.00
QUALIFIED DIVIDENDS: \$0.00
REFUNDS OF STATE/LOCAL TAXES: \$0.00
ALIMONY RECEIVED: \$0.00
BUSINESS INCOME OR LOSS (Schedule C): \$0.00
BUSINESS INCOME OR LOSS: SCH C PER COMPUTER: \$0.00
CAPITAL GAIN OR LOSS: (Schedule D): \$0.00
CAPITAL GAINS OR LOSS: SCH D PER COMPUTER: \$0.00
OTHER GAINS OR LOSSES: (Form 4797): \$0.00
TOTAL IRA DISTRIBUTIONS: \$0.00
TAXABLE IRA DISTRIBUTIONS: \$0.00
TOTAL PENSIONS AND ANNUITIES: \$0.00
TOTAL PENSION/ANNUITY AMOUNT: \$0.00
RENT/ROYALTY/PARTNERSHIP/ESTATE (Schedule E): \$0.00
RENT/ROYALTY/PARTNERSHIP/ESTATE (Schedule E) PER COMPUTER: \$0.00
RENT/ROYALTY INCOME/LOSS PER COMPUTER: \$0.00
ESTATE/TRUST INCOME/LOSS PER COMPUTER: \$0.00
PARTNERSHIP/S-CORP INCOME/LOSS PER COMPUTER: \$0.00
FARM INCOME OR LOSS (Schedule F): \$0.00
FARM INCOME OR LOSS (Schedule F) PER COMPUTER: \$0.00
UNEMPLOYMENT COMPENSATION: \$0.00
TOTAL SOCIAL SECURITY BENEFITS: \$0.00

TAXABLE SOCIAL SECURITY BENEFITS:.....	\$0.00
TAXABLE SOCIAL SECURITY BENEFITS PER COMPUTER:.....	\$0.00
OTHER INCOME:.....	\$0.00
SCHEDULE EIC SE INCOME PER COMPUTER:.....	\$0.00
SCHEDULE EIC EARNED INCOME PER COMPUTER:.....	\$29,440.00
SCH EIC DISQUALIFIED INC COMPUTER:.....	\$0.00
TOTAL INCOME:.....	\$29,440.00
TOTAL INCOME PER COMPUTER:.....	\$29,440.00

Adjustments to Income

EDUCATOR EXPENSES:

EDUCATOR EXPENSES PER COMPUTER:.....	\$0.00
RESERVIST AND OTHER BUSINESS EXPENSE:.....	\$0.00
HEALTH SAVINGS ACCT DEDUCTION:.....	\$0.00
HEALTH SAVINGS ACCT DEDUCTION PER COMPUTER:.....	\$0.00
MOVING EXPENSES: F3903:.....	\$0.00
SELF EMPLOYMENT TAX DEDUCTION:.....	\$0.00
SELF EMPLOYMENT TAX DEDUCTION PER COMPUTER:.....	\$0.00
KEOGH/SEP CONTRIBUTION DEDUCTION:.....	\$0.00
SELF-EMP HEALTH INS DEDUCTION:.....	\$0.00
EARLY WITHDRAWAL OF SAVINGS PENALTY:.....	\$0.00
ALIMONY PAID SSN:.....	\$0.00
ALIMONY PAID:.....	\$0.00
IRA DEDUCTION:.....	\$0.00
IRA DEDUCTION PER COMPUTER:.....	\$0.00
STUDENT LOAN INTEREST DEDUCTION:.....	\$0.00
STUDENT LOAN INTEREST DEDUCTION PER COMPUTER:.....	\$0.00
TUITION AND FEES DEDUCTION:.....	\$0.00
TUITION AND FEES DEDUCTION PER COMPUTER:.....	\$0.00
JURY DUTY PAY DEDUCTION:.....	\$0.00
DOMESTIC PRODUCTION ACTIVITIES DEDUCTION:.....	\$0.00
OTHER ADJUSTMENTS:.....	\$0.00
ARCHER MSA DEDUCTION:.....	\$0.00
ARCHER MSA DEDUCTION PER COMPUTER:.....	\$0.00
TOTAL ADJUSTMENTS:.....	\$0.00
TOTAL ADJUSTMENTS PER COMPUTER:.....	\$0.00
ADJUSTED GROSS INCOME:.....	\$29,440.00
ADJUSTED GROSS INCOME PER COMPUTER:.....	\$29,440.00

Tax and Credits

65-OR-OVER:.....	NO
BLIND:.....	NO
SPOUSE 65-OR-OVER:.....	NO
SPOUSE BLIND:.....	NO
STANDARD DEDUCTION PER COMPUTER:.....	\$11,600.00
ADDITIONAL STANDARD DEDUCTION PER COMPUTER:.....	\$0.00
TAX TABLE INCOME PER COMPUTER:.....	\$17,840.00
EXEMPTION AMOUNT PER COMPUTER:.....	\$11,100.00
TAXABLE INCOME:.....	\$0.00
TAXABLE INCOME PER COMPUTER:.....	\$0.00
TOTAL POSITIVE INCOME PER COMPUTER:.....	\$29,440.00
TENTATIVE TAX:.....	\$0.00
TENTATIVE TAX PER COMPUTER:.....	\$0.00
FORM 8814 ADDITIONAL TAX AMOUNT:.....	\$0.00
TAX ON INCOME LESS SOC SEC INCOME PER COMPUTER:.....	\$0.00
FORM 6251 ALTERNATIVE MINIMUM TAX:.....	\$0.00
FORM 6251 ALTERNATIVE MINIMUM TAX PER COMPUTER:.....	\$0.00
FOREIGN TAX CREDIT:.....	\$0.00
FOREIGN TAX CREDIT PER COMPUTER:.....	\$0.00
FOREIGN INCOME EXCLUSION PER COMPUTER:.....	\$0.00
FOREIGN INCOME EXCLUSION TAX PER COMPUTER:.....	\$0.00
CHILD & DEPENDENT CARE CREDIT:.....	\$0.00
CHILD & DEPENDENT CARE CREDIT PER COMPUTER:.....	\$0.00
CREDIT FOR ELDERLY AND DISABLED:.....	\$0.00
CREDIT FOR ELDERLY AND DISABLED PER COMPUTER:.....	\$0.00
EDUCATION CREDIT:.....	\$0.00
EDUCATION CREDIT PER COMPUTER:.....	\$0.00
GROSS EDUCATION CREDIT PER COMPUTER:.....	\$0.00
RETIREMENT SAVINGS CNTRB CREDIT:.....	\$0.00
RETIREMENT SAVINGS CNTRB CREDIT PER COMPUTER:.....	\$0.00

Tracking Number: XXXXXXXXXXXX

PRIM RET SAV CNTRB: F8880 LN6A:..... \$0.00
SEC RET SAV CNTRB: F8880 LN6B:..... \$0.00
TOTAL RETIREMENT SAVINGS CONTRIBUTION: F8880 CMPTR:..... \$0.00
RESIDENTIAL ENERGY CREDIT:..... \$0.00
RESIDENTIAL ENERGY CREDIT PER COMPUTER:..... \$0.00
CHILD TAX CREDIT:..... \$673.00
CHILD TAX CREDIT PER COMPUTER:..... \$673.00
ADOPTION CREDIT: F8839:..... \$0.00
ADOPTION CREDIT PER COMPUTER:..... \$0.00
FORM 8839 REFUND ADOPTION CREDIT AMOUNT:..... \$0.00
DC 1ST TIME HOMEBUYERS CREDIT:..... \$0.00
DC 1ST TIME HOMEBUYERS CREDIT PER COMPUTER:..... \$0.00
FORM 8396 MORTGAGE CERTIFICATE CREDIT:..... \$0.00
FORM 8396 MORTGAGE CERTIFICATE CREDIT PER COMPUTER:..... \$0.00
F3800, F8801 AND OTHER CREDIT AMOUNT:..... \$0.00
FORM 3800 GENERAL BUSINESS CREDITS:..... \$0.00
FORM 3800 GENERAL BUSINESS CREDITS PER COMPUTER:..... \$0.00
FORM 1040C CREDIT:..... \$0.00
PRIOR YR MIN TAX CREDIT: F8801:..... \$0.00
PRIOR YR MIN TAX CREDIT: F8801 PER COMPUTER:..... \$0.00
F8834 ELECTRIC VEHICLE CREDIT AMOUNT:..... \$0.00
F8936 ELECTRIC MOTOR VEHICLE CREDIT AMOUNT:..... \$0.00
F8910 ALTERNATIVE MOTOR VEHICLE CREDIT AMOUNT:..... \$0.00
OTHER CREDITS:..... \$0.00
TOTAL CREDITS:..... \$0.00
TOTAL CREDITS PER COMPUTER:..... \$0.00
INCOME TAX AFTER CREDITS PER COMPUTER:..... \$0.00

Other Taxes

SE TAX:..... \$0.00
SE TAX PER COMPUTER:..... \$0.00
SOCIAL SECURITY AND MEDICARE TAX ON UNREPORTED TIPS:..... \$0.00
SOCIAL SECURITY AND MEDICARE TAX ON UNREPORTED TIPS PER COMPUTER:..... \$0.00
TAX ON QUALIFIED PLANS F5329 (PR):..... \$0.00
TAX ON QUALIFIED PLANS F5329 PER COMPUTER:..... \$0.00
IRAF TAX PER COMPUTER:..... \$0.00
TP TAX FIGURES (REDUCED BY IRAF) PER COMPUTER:..... \$0.00
IMF TOTAL TAX (REDUCED BY IRAF) PER COMPUTER:..... \$0.00
ADVANCED EARNED INCOME CREDIT:..... \$0.00
RECOVERY REBATE CREDIT AMOUNT:..... \$0.00
UNPAID FICA ON REPORTED TIPS:..... \$0.00
OTHER TAXES:..... \$0.00
RECAPTURE TAX F8611:..... \$0.00
HOUSEHOLD EMPLOYMENT TAXES:..... \$0.00
HOUSEHOLD EMPLOYMENT TAXES PER COMPUTER:..... \$0.00
RECAPTURE TAXES:..... \$0.00
TOTAL ASSESSMENT PER COMPUTER:..... \$0.00
TOTAL TAX LIABILITY TP FIGURES:..... \$0.00
TOTAL TAX LIABILITY TP FIGURES PER COMPUTER:..... \$0.00

Payments

FEDERAL INCOME TAX WITHHELD:..... \$2,756.00
COBRA PREMIUM SUBSIDY:..... \$0.00
ESTIMATED TAX PAYMENTS:..... \$0.00
MAKING WORK PAY AND GOV'T RET CREDIT:..... \$0.00
MAKING WORK PAY AND GOV'T RET CREDIT PER COMPUTER:..... \$0.00
MAKING WORK PAY AND GOV'T RET CREDIT VERIFIED:..... \$0.00
REFUNDABLE EDUCATION CREDIT:..... \$0.00
REFUNDABLE EDUCATION CREDIT PER COMPUTER:..... \$0.00
REFUNDABLE EDUCATION CREDIT VERIFIED:..... \$0.00
EARNED INCOME CREDIT:..... \$1,871.00
EARNED INCOME CREDIT PER COMPUTER:..... \$1,871.00
EARNED INCOME CREDIT NONTAXABLE COMBAT PAY:..... \$0.00
SCHEDULE M NONTAXABLE COMBAT PAY:..... \$0.00
FORM 8812 NONTAXABLE COMBAT PAY:..... \$0.00
EXCESS SOCIAL SECURITY & RRTA TAX WITHHELD:..... \$0.00
TOT SS/MEDICARE WITHHELD: F8812:..... \$0.00
FORM 8812 ADDITIONAL CHILD TAX CREDIT:..... \$327.00
FORM 8812 ADDITIONAL CHILD TAX CREDIT PER COMPUTER:..... \$327.00
FORM 8812 ADDITIONAL CHILD TAX CREDIT VERIFIED:..... \$0.00

Tracking Number: XXXXXXXXXXXX

AMOUNT PAID WITH FORM 4868:..... \$0.00
FORM 2439 REGULATED INVESTMENT COMPANY CREDIT:..... \$0.00
FORM 4136 CREDIT FOR FEDERAL TAX ON FUELS:..... \$0.00
FORM 4136 CREDIT FOR FEDERAL TAX ON FUELS PER COMPUTER:..... \$0.00
HEALTH COVERAGE TX CR: F8885:..... \$0.00
FORM 8801 REFUNDABLE CREDIT FOR PRIOR YEAR MIN. TAX:..... \$0.00
(67) FIRST TIME HOME BUYER CREDIT PER COMPUTER:..... \$0.00
FIRST TIME HOME BUYER CREDIT:..... \$0.00
FIRST TIME HOME BUYER CREDIT VERIFIED:..... \$0.00
PRIMARY NAP FIRST TIME HOME BUYER INSTALLMENT AMT:..... \$0.00
SECONDARY NAP FIRST TIME HOME BUYER INSTALLMENT AMT:..... \$0.00
FIRST TIME HOMEBUYER CREDIT REPAYMENT AMOUNT:..... \$0.00
FORM 2555 COMBINED EARNED INCOME AMOUNT PER COMPUTER:..... \$0.00
FORM 5405 TOTAL HOMEBUYERS CREDIT REPAYMENT PER COMPUTER:..... \$0.00
SMALL EMPLOYER HEALTH INSURANCE PER COMPUTER:..... \$0.00
SMALL EMPLOYER HEALTH INSURANCE PER COMPUTER (2):..... \$0.00
FORM 2439, 8801, and OTHER CREDIT TOTAL AMT:..... \$0.00
TOTAL PAYMENTS:..... \$4,954.00
TOTAL PAYMENTS PER COMPUTER:..... \$4,954.00

Refund or Amount Owed

REFUND AMOUNT:..... \$-4,954.00
APPLIED TO NEXT YEAR'S ESTIMATED TAX:..... \$0.00
ESTIMATED TAX PENALTY:..... \$0.00
TAX ON INCOME LESS STATE REFUND PER COMPUTER:..... \$0.00
BAL DUE/OVER PYMT USING TP FIG PER COMPUTER:..... \$-4,954.00
BAL DUE/OVER PYMT USING COMPUTER FIGURES:..... \$-4,954.00
FORM 8888 TOTAL REFUND PER COMPUTER:..... \$0.00

Third Party Designee

THIRD PARTY DESIGNEE ID NUMBER:..... XXXX
AUTHORIZATION INDICATOR:..... X
THIRD PARTY DESIGNEE NAME:..... TAX GROUP INC

Schedule EIC--Earned Income Credit

QUALIFIED EIC DEPENDENTS:..... 1
CHILD 1

CHILD'S NAME CNTRL:..... DAVI
SSN:..... DDD-DD-DDDD
YEAR OF BIRTH:..... 2007
STUDENT/DISABLED:..... 0
NUMBER OF MONTHS CHILD LIVED WITH YOU:..... 12
CHILD'S RELATIONSHIP TO YOU:..... stepchild

CHILD 2

CHILD'S NAME CNTRL:.....
SSN:.....
YEAR OF BIRTH:..... 0000
STUDENT/DISABLED:..... 0
NUMBER OF MONTHS CHILD LIVED WITH YOU:.....
CHILD'S RELATIONSHIP TO YOU:..... son or daughter

CHILD 3

CHILD'S NAME CNTRL:.....
SSN:.....
YEAR OF BIRTH:..... 0000
STUDENT/DISABLED:..... 0
NUMBER OF MONTHS CHILD LIVED WITH YOU:.....
CHILD'S RELATIONSHIP TO YOU:..... son or daughter

Tracking Number: XXXXXXXXXXXX

Form 8863 - Education Credits (Hope and Lifetime Learning Credits)

PART III - ALLOWABLE EDUCATION CREDITS

GROSS EDUCATION CR PER COMPUTER:..... \$0.00

TOTAL EDUCATION CREDIT AMOUNT:..... \$0.00

TOTAL EDUCATION CREDIT AMOUNT PER COMPUTER:..... \$0.00

Form 8867 Paid Preparer's Earned Income Credit Checklist

TAXPAYER QUALIFYING CHILD OF ANOTHER:..... No box checked

CHILD 1 RELATIONSHIP TO TAXPAYER:..... Yes box checked

CHILD 2 RELATIONSHIP TO TAXPAYER:..... Neither box checked

CHILD 3 RELATIONSHIP TO TAXPAYER:..... Neither box checked

CHILD 1 LIVE WITH TAXPAYER:..... Yes box checked

CHILD 2 LIVE WITH TAXPAYER:..... Neither box checked

CHILD 3 LIVE WITH TAXPAYER:..... No box checked

CHILD 1 CLAIMED BY OTHER PERSON:..... Neither box checked

CHILD 2 CLAIMED BY OTHER PERSON:..... son or daughter

CHILD 3 CLAIMED BY OTHER PERSON:..... son or daughter

CHILD 1 RELATIONSHIP TO OTHERS:..... None of the boxes checked

CHILD 2 RELATIONSHIP TO OTHERS:..... None of the boxes checked

CHILD 3 RELATIONSHIP TO OTHERS:..... None of the boxes checked

CHILD 1 TIEBREAKER RULES:..... Yes box checked

CHILD 2 TIEBREAKER RULES:..... Yes box checked

CHILD 3 TIEBREAKER RULES:..... Yes box checked

FORM 8867 INFORMATION PROVIDED BY TAXPAYER:.....

KNOWLEDGE REQUIREMENTS COMPLIANCE:.....

This Product Contains Sensitive Taxpayer Data