

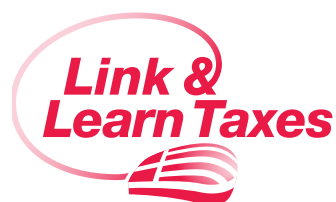


4491-X

VITA/TCE Training Supplement

Volunteer Income Tax Assistance (VITA) / Tax Counseling for the Elderly (TCE)

2025 RETURNS



Take your VITA/TCE training online at apps.irs.gov/app/vita/. Link to the Practice Lab to gain experience using tax software and take the certification test online, with immediate scoring and feedback.



How to Get Technical Updates?

Updates to the volunteer training materials will be contained in Publication 4491-X, VITA/TCE Training Supplement. The most recent version can be downloaded at: www.irs.gov/pub/irs-pdf/p4491x.pdf

Volunteer Standards of Conduct

Volunteer Income Tax Assistance / Tax Counseling for the Elderly (VITA/TCE) Programs

The mission of the VITA/TCE return preparation programs is to assist eligible taxpayers in satisfying their tax responsibilities by providing free tax return preparation. To establish the greatest degree of public trust, volunteers are required to maintain the highest standards of ethical conduct and provide quality service.

Annually all VITA/TCE volunteers must pass the Volunteer Standards of Conduct (VSC) certification test and agree that they will adhere to the VSC by signing and dating Form 13615, Volunteer Standards of Conduct Agreement, prior to volunteering at a VITA/TCE site. In addition, return preparers, quality reviewers, coordinators, client facilitators and tax law instructors must certify in Intake/Interview and Quality Review. Volunteers who answer tax law questions, instruct tax law classes, prepare or correct tax returns, or conduct quality reviews of completed returns must also certify in tax law prior to signing the form. Form 13615 is not valid until the site coordinator, sponsoring partner, instructor, or IRS contact confirms the volunteer's identity, name and address, and signs and dates the form. Volunteers' names and addresses in Link & Learn Taxes must match their government issued photo identification. Advise volunteers to update their My Account page in Link & Learn Taxes with their valid name and address.

As a volunteer in the VITA/TCE programs, you must adhere to the following Volunteer Standards of Conduct:

VSC #1 – Follow the Quality Site Requirements (QSR).

VSC #2 – Do not accept payment, ask for donations, or accept refund payments for federal or state tax return preparation from customers.

VSC #3 – Do not solicit business from taxpayers you assist or use the information you gained about them (their information) for any direct or indirect personal benefit for yourself, any other specific individual or organization.

VSC #4 – Do not knowingly prepare false returns.

VSC #5 – Do not engage in criminal, infamous, dishonest, notoriously disgraceful conduct, or any other conduct considered to have a negative effect on the VITA/TCE programs.

VSC #6 – Treat all taxpayers in a professional, courteous, and respectful manner.

Failure to comply with these standards could result in, but is not limited to, the following:

- Your removal from all VITA/TCE programs;
- Inclusion in the IRS Volunteer Registry to bar future VITA/TCE activity indefinitely;
- Deactivation of your sponsoring partner's site VITA/TCE EFIN (electronic filing ID number);
- Removal of all IRS products, supplies, loaned equipment, and taxpayer information from your site;
- Termination of your sponsoring organization's partnership with the IRS;
- Termination of grant funds from the IRS to your sponsoring partner; and
- Referral of your conduct for potential TIGTA and criminal investigations.

TaxSlayer® is a copyrighted software program owned by Rhodes Computer Services. All screen shots that appear throughout the official Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) training materials are used with the permission of Rhodes Computer Services.

Confidentiality Statement:

All tax information you receive from taxpayers in your volunteer capacity is strictly confidential and should not, under any circumstances, be disclosed to unauthorized individuals.

4491-X Table of Contents

Introduction 1

Changes to the Training and Site Publications 1

2025 Publication 4012, VITA/TCE Volunteer Resource Guide 2

2025 Publication 6744, VITA/TCE Volunteer Assistor’s Test/Retest 20

2025 Publication 4491, VITA/TCE Training Guide 33

Introduction

This supplement contains changes, revisions, and additions to the October 2025 versions of the VITA/TCE training publications.

These changes impact all of the VITA/TCE courses. VITA/TCE tax preparers must review this supplement before assisting taxpayers with tax law questions or preparing their returns. Quality reviewers must also review this document before performing quality reviews.

Changes to the Training and Site Publications

The following changes have been made to the listed publications. You may:

1. Use this list to make pen-and-ink changes to your printed training publications.
2. Print out the corrected pages that follow this list and replace the erroneous pages in your printed training publications. On the reverse side of each revised page is the continuing page.
3. Download the revised training materials with a January 2025 revision date from www.irs.gov/forms-instructions.

2025 Publication 4012, VITA/TCE Volunteer Resource Guide

Page	Changes
Scope of Service	
ix	After F(orm) / S(chedule) Number S 1 rows, insert: Schedule 1-A Scope of Service chart
x	No changes
Legislative Extenders	
EXT-9	Insert new page with attached 2025 Tax Law Changes
Tab D: Income	
D-25	No changes
D-26	Under header State and Local Refund Worksheet , in the second bullet of the Tip, replace : \$10,000 with \$40,000
Tab F: Deductions	
F-3	Under the heading, Standard Deduction , in the Standard Deduction Chart for Most People*, under the Their Standard Deduction is.....column, replace : \$15,000 with \$15,750 \$30,000 with \$31,500 \$22,500 with \$23,625
F-4	Under heading Standard Deduction (cont'd) , replace : The Standard Deduction Chart for People Who Were Born Before January 2, 1961, or Were Blind and Standard Deduction Worksheet for Dependent charts with the updated OB3 chart
F-11	Under heading Entering Schedule A – Taxes you Paid, replace the caution sentence with: The itemized deduction for state and local taxes and sales and property taxes is limited to a combined total deduction of \$40,000 (\$20,000 if Married Filing Separately).
F-12	Under heading Entering Schedule A – Taxes you Paid (cont'd), replace , the second sentence of statement #5, with: This is not subject to the \$40,000 (\$20,000 if Married Filing Separately) limit.
Tab G: Nonrefundable Credits	
G-5	Under heading Child Tax Credit (CTC) in the second paragraph, third sentence, replace : \$2,000 with \$2,200
G-6	No changes
Tab J: Education Benefits	
J-5	No changes
J-6	Under heading Highlights of Education Tax Benefits (cont'd) , in the fifth row of the chart under what expenses qualify besides tuition and required enrollment fees?, in the second bullet point, replace : Tuition only, see Pub. 979 with curriculum materials, tutoring, fees related to college or university admission.
Tab R: Glossary and Index	
R-3	No changes
R-4	In the paragraph titled Exemption , replace the information provided with: The deduction for personal exemptions was eliminated except as noted below. For tax years (TY) beginning before January 1, 2029 an additional deduction of \$6000 for taxpayers Age 65 or older is allowed. The deduction starts phasing out when Modified Adjusted Gross Income (MAGI) exceeds \$75,000 (\$150,000 if Married Filing Jointly (MFJ)). Taxpayer (and spouse if MFJ) must provide a valid Social Security Number (SSN) on the tax return.
R-12	No changes
R-13	Under header Taxpayer Civil Rights , replace , the email address with: civil.rights.division@irs.gov

2025 Publication 4012, VITA/TCE Volunteer Resource Guide

F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
S 1	13	Yes	Health savings account deduction See F 8889 limitations	Advanced certification required
S 1	14	Yes	Moving expenses for members of the Armed Forces See F 3903 limitations	Military certification required
S 1	15	Yes	Deductible part of self-employment tax	Advanced certification required
S 1	16	No	Self-employed SEP, SIMPLE and qualified plans	
S 1	17	Yes	Self-employed health insurance deduction See Schedule C for limitations Not in scope for: • Insurance purchased through Marketplace when taxpayer is eligible for Premium Tax Credit	Advanced certification required
S 1	18	Yes	Penalty on early withdrawal of savings	
S 1	19a, b, and c	Yes	Alimony paid recipient SSN, date of divorce or separation agreement Not in scope for: • Pre-1985 divorces	
S 1	20	Yes	IRA deduction In scope for: • Deductible traditional IRA contributions Not in scope for: • Nondeductible traditional IRA contributions	Advanced certification required
S 1	21	Yes	Student loan interest deduction	
S 1	23	No	Archer MSA deductions	
S 1	24 a–z	Yes	In scope for: • Lines a, c, and z Not in scope for: • All other lines unless specifically mentioned in student training or resource guide	
S 1-A	13	Yes	No tax on tips See Legislative Extenders section for qualifications and limitations	Advanced certification required
S 1-A	21	Yes	No tax on overtime See Legislative Extenders section for qualifications and limitations	Advanced certification required
S 1-A	30	Yes	No tax on car loan interest See Legislative Extenders section for qualifications and limitations	Advanced certification required
S 1-A	37	Yes	Enhanced Deduction for Seniors See Legislative Extenders section for qualifications and limitations	Basic certification required
S 2	1	Yes	In scope for: • Line a, Excess advance premium tax credit repayment • See F 8962 limitations Not in scope for: • All other lines unless specifically mentioned in student training or resource guide	Advanced certification required
S 2	2	No	Alternative minimum tax	
S 2	4	Yes	Self-employment tax	Advanced certification required
S 2	5	Yes	Social Security and Medicare tax on unreported tip income In scope for: • F 4137	Advanced certification required

2025 Publication 4012, VITA/TCE Volunteer Resource Guide

F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
S 2	6	No	Uncollected Social Security and Medicare tax on wages	
S 2	8	Yes	Additional tax on IRAs, other qualified retirement plans, and other tax-favored accounts See F 5329 for limitations Not in scope for: • Taxpayers subject to additional tax due to excess IRA contributions	Basic certification if additional tax applies Advanced certification required if exceptions to the additional tax apply
S 2	9	No	Household employment taxes	
S 2	11	No	Additional Medicare Tax	
S 2	12	No	Net investment income tax	
S 2	13	Yes	Uncollected Social Security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12	Advanced certification required
S 2	14	No	Interest on tax due on installment income from the sale of certain residential lots and timeshares	
S 2	15	No	Interest on the deferred tax on gain from certain installment sales with a sales price over \$150,000	
S 2	16	No	Recapture of low-interest housing credit	
S 2	17	Yes	Other additional taxes See F 8889 limitations Not in scope for: • Lines 17a, 17b, 17d–z	Advanced certification required
S 2	20	No	Section 965 net tax liability installment from Form 965-A	
S 3	1	Yes	Foreign tax credit See F 1116 for limitations	Basic certification if F 1116 is not required International or Puerto Rico certification required if F 1116 must be filed
S 3	2	Yes	Credit for child and dependent care expenses from Form 2441, line 11	
S 3	3	Yes	Education credits Not in scope for: • Taxpayers who must repay (recapture) part or all of an education credit claimed in a prior year	
S 3	4	Yes	Retirement savings contributions credit	
S 3	5	Yes	Residential energy credits See F 5695 for limitations	Advanced certification required
S 3	6a–z	Yes	Other credits from F 3800, 8801, and (write-in) In scope for: • Line 6d, Schedule R Not in scope for: • All other lines	
S 3	9	Yes	Net premium tax credit See F 8962 for limitations	Advanced certification required
S 3	10	Yes	Amount paid with request for extension to file	
S 3	11	Yes	Excess Social Security and tier 1 RRTA tax withheld	
S 3	12	No	Credit for federal tax on fuels	

2025 Tax Law Changes

Tax Form and Publication Changes

Schedule 1-A, Additional Deductions (Form 1040), includes deductions for following OBBBA tax provisions:

- No Tax on Tips
- No Tax on Overtime
- No Tax on Car Loan Interest
- Enhanced Deduction for Seniors

Tax Law Changes

Refer to the respective Scope of Service Chart for scope limitations.

No tax on tips

Deduction is allowed for an amount equal to qualified tip income received during the taxable year that are included on statements furnished to the taxpayer. The allowed deduction for any taxable year cannot exceed \$25,000. The allowable deduction is reduced if Modified Adjusted Gross Income (MAGI) exceeds \$150,000 (\$300,000 if MFJ). No deduction is allowed if the taxpayer does not include a valid SSN on the tax return.

If married, taxpayers must file joint return to claim the deduction. Qualified tips means cash tips received by an individual in occupations where tips are customary. The deduction is allowed to non-itemizers.

Qualified Overtime Compensation (No tax on overtime)

Allows a deduction of up to \$12,500 (\$25,000 in the case of a joint return) of qualified overtime income received for the taxable year. The allowable deduction is reduced if the taxpayer's MAGI exceeds \$150,000 (\$300,000 in the case of a joint return). Qualified overtime compensation is defined as overtime paid to an individual whose occupation is covered by the Fair Labor Standards Act of 1938 (FLSA). Only the overtime amount which exceeds the regular rate of pay is eligible for the deduction.

No deduction allowed if taxpayer does not include a valid SSN on the return. If married, taxpayer must file a joint return to claim deduction. Deduction is allowed to non-itemizers.

No tax on car loan interest:

A deduction is allowed for up to \$10,000 of interest on a qualified passenger vehicle loan used to purchase a passenger vehicle after 12-31-2024 (does not apply to used car purchases). A qualified passenger vehicle is a car, minivan, van, sport utility vehicle, pickup truck, or motorcycle with a gross vehicle weight of less than 14,000 pounds. Final assembly of the qualified vehicle must occur in the U.S. The Vehicle Identification Number (VIN) must be included on the return. The allowable deduction is reduced if the taxpayer's MAGI exceeds \$100,000 (\$200,000 if MFJ). The \$10,000 limitation is a per return limit. The deduction is allowed for non-itemizers.

Personal Exemption Amount


Eliminates the deduction for personal exemptions except as noted below.

For tax years (TY) beginning before January 1, 2029, an additional deduction of \$6000 for taxpayers Age 65 or older is allowed. The deduction starts phasing out when MAGI exceeds \$75,000 (\$150,000 if Married Filing Jointly (MFJ)). Taxpayer (and spouse if MFJ) must provide a valid Social Security Number (SSN) on the tax return.

Dividend Income (Form 1099-DIV) (cont'd)

Exempt Interest Dividends (Box 12)	
\$	
Specified Private Activity Bond (Box 13)	
\$	6
Amount of Interest on U.S. Savings Bonds and Treasury obligations that you want subtracted from your state return	
\$	7
Taxable State Dividend	
8	ADD DIVIDEND ITEMS
Nominee Dividend	
\$	Out of Scope
Decedent Dividend	
\$	

- 6.** Specified Private Activity Bond will automatically carry to Form 6251, Alternative Minimum Tax (AMT). Return is Out of Scope if AMT is actually generated (as shown on Line 1 of Schedule 2).
- 7.** On the amount of interest on U.S. Savings Bonds and Treasury obligations line, enter dividends from federal bond funds which are fully taxable on the federal return but tax-exempt on the state return.
- 8.** If any of the exempt interest dividends listed in Box 12 isn't exempt from state taxes, select the Add/Edit Dividend Items to add a Taxable State Dividend item. See state rules.

 1099-DIV Boxes 2e (Sec. 897 ordinary dividends) and 2f (Sec. 897 capital gain) are Out of Scope if the recipient was a nonresident alien (In Scope and disregarded for all others).

State and Local Refund Worksheet



Income>Form 1099-G Box 2



The return is Out of Scope if Form 1099-G Box 3 is other than the preceding tax year.



The taxpayer's state and local refund is wholly nontaxable if either scenario applies. In this case the State and Local Refund Worksheet does not need to be completed.

- The taxpayer didn't itemize deductions or they deducted state and local general sales taxes instead of state and local income taxes in the tax year indicated by Box 3, or
- The total of all refunds for that tax year is less than the amount of state and local taxes not deducted due to the \$40,000 limit.

If neither scenario applies, then complete the worksheet to determine the portion of the refund that is taxable, if any.



Amounts appearing in the unnumbered, blank box next to Box 9 on Form 1099-G are interest and are in scope.

State & Local Refund Worksheet

CANCEL

CONTINUE

Bypass State Refund Worksheet

Enter an amount here to bypass worksheet and enter the full amount as taxable on form 1040

1

State & Local Refunds 2

2020 state tax refunds (all refunds from 1099-G or similar statements)

1. Any amount entered here will flow as taxable to Schedule 1, Line 1.
2. Use this worksheet to determine the portion of the taxpayer's prior year state refund that is considered taxable in the current year. Use a copy of the taxpayer's previous year return to enter all amounts in the spaces provided. The taxable portion will be included on the return as taxable income.

Standard Deduction

This chart provides the standard deduction amounts for tax year 2025.

Standard Deduction Chart for Most People*

If the taxpayer's filing status is...	Their standard deduction is ...
Single or married filing separate return	\$15,750
Married filing joint return or qualifying surviving spouse	\$31,500
Head of household	\$23,625

*Don't use this chart if the taxpayer was born before January 2, 1961, or is blind, or if someone can claim the taxpayer as a dependent (or their spouse if married filing jointly). (See the chart on the following page.)

Persons Not Eligible for the Standard Deduction

Your standard deduction is zero and you should itemize any deductions you have if:

- Your filing status is married filing separately, and your spouse itemizes deductions on his or her return. It doesn't matter who files first.
- You are filing a tax return for a short tax year because of a change in your annual accounting period (Out of Scope).
- You are a nonresident or dual-status alien during the year. You are considered a dual-status alien if you were both a nonresident and resident alien during the year (Out of Scope).
- If you are a nonresident alien who is married to a U.S. citizen or resident alien at the end of the year, you can choose to be treated as a U.S. resident. (See Publication 519, U.S. Tax Guide for Aliens.) If you make this choice, you can take the standard deduction. See Tab L.



If you can be claimed as a dependent on another taxpayer's return (such as your parents' return), your standard deduction may be limited.

Standard Deduction (cont'd)

Standard Deduction Chart for People Born Before January 2, 1961 or Were Blind

Don't use this chart if someone can claim you (or your spouse if filing jointly) as a dependent. Use the second worksheet below. **Note:** Blind is defined in Tab R, Glossary and Index

Standard Deduction Chart for People Who Were Born Before January 2, 1961, or Were Blind		
Don't use this chart if someone can claim you, or your spouse if filing jointly, as a dependent. Instead, use the worksheet below.		
<input type="checkbox"/> You were born before January 2, 1961. <input type="checkbox"/> You are blind. <input type="checkbox"/> Spouse was born before January 2, 1961. <input type="checkbox"/> Spouse is blind.		
Enter the total number of boxes checked ► <input type="text"/>		
IF your filing status is ...	AND the number in the box above is ...	THEN your standard deduction is ...
Single	1	\$ 17,750
	2	19,750
Married filing jointly	1	\$ 33,100
	2	34,700
	3	36,300
	4	37,900
Qualifying surviving spouse	1	\$ 33,100
	2	34,700
Married filing separately*	1	\$ 17,750
	2	18,950
	3	20,550
	4	22,150
Head of household	1	\$ 25,625
	2	27,625
* You can check the boxes for spouse if your filing status is married filing separately and your spouse had no income, isn't filing a return, and can't be claimed as a dependent on another person's return.		

Standard Deduction Worksheet for Dependents—Line 12e

Use this worksheet **only** if someone else can claim you or your spouse if filing jointly as a dependent.

1. Check if: <input type="checkbox"/> You were born before January 2, 1961. <input type="checkbox"/> You are blind. <input type="checkbox"/> Spouse was born before January 2, 1961. <input type="checkbox"/> Spouse is blind.	} Total number of boxes checked 1.	
2. Is your earned income * more than \$900? <input type="checkbox"/> Yes. Add \$450 to your earned income. Enter the total. <input type="checkbox"/> No. Enter \$1,350.		} 2.
3. Enter the amount shown below for your filing status. • Single or married filing separately—\$15,750 • Married filing jointly—\$31,500 • Head of household—\$23,625	} 3.	
4. Standard deduction. a. Enter the smaller of line 2 or line 3. If born after January 1, 1961, and not blind, stop here and enter this amount on Form 1040 or 1040-SR, line 12. Otherwise, go to line 4b 4a.		
b. If born before January 2, 1961, or blind, multiply the number on line 1 by \$1,600 (\$2,000) if single or head of household) 4b.		
c. Add lines 4a and 4b. Enter the total here and on Form 1040 or 1040-SR, line 12 4c.		
* Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any taxable scholarship or fellowship grant. Generally, your earned income is the total of the amount(s) you reported on Form 1040 or 1040-SR, line 1z, and Schedule 1, lines 3, 6, 8r, 8t, and 8u minus the amount, if any, on Schedule 1, line 15.		

Entering Schedule A – Taxes you Paid



Deductions>Itemized Deductions>Taxes You Paid; or Keyword: TAX



The itemized deduction for state and local taxes and sales and property taxes is limited to a combined total deduction of \$40,000 (\$20,000 if Married Filing Separately).

1. Real estate taxes reported on Form 1098 can be entered on the Mortgage Interest and Expenses screen. Amounts entered there will be added to entries made here in the Real Estate Taxes box.
2. Enter vehicle license registration fee if based on value (ad valorem) under Personal Property taxes.
3. Enter amount paid with last year's state return and any other state and local income tax payments not entered elsewhere. Mandatory contributions to state disability, paid family leave programs, and certain other state programs qualify as state income taxes and should be included in the additional state and local income tax box if not automatically carried there by TaxSlayer. Sometimes these amounts are reported on Form W-2, Box 14. See Instructions for Schedule A for details.
4. Always add a sales tax deduction worksheet when itemizing deductions for states that have sales tax. Select **Add sales tax you paid** and then complete the worksheet that pops ups.

Property Taxes

Additional real estate taxes for non-business property

Do not enter real estate taxes from Form 1098

\$

1

Personal property taxes

This includes car registration, but not the amount paid for car tags

\$

2

State and Local Taxes

Additional state and local income tax paid

Do not enter income taxes from any W-2, 1099, W-2G, or Estimates

\$

3

Prior-year 4th quarter states estimates paid after Dec. 31, 2023

\$

Sales Tax Deduction

Deducting state and local sales tax instead of income tax is most beneficial to taxpayers in states that don't have an income tax. Enter your sales tax below, and we'll determine which deduction benefits you the most.



Add sales tax you paid

4



I want to deduct sales tax instead of income tax, even if it lowers my refund (less common)

Entering Schedule A – Taxes you Paid (cont'd)

Other Taxes

Add other taxes you paid that don't fit into any other categories.

5



Add other taxes

Modified Adjusted Gross Income

Calculated Modified Adjusted Gross Income (MAGI)

6

\$45000

Amount to adjust the calculated MAGI by

7

\$

5. If taxpayers wish to deduct their foreign income taxes (instead of claiming a credit), select **Add other taxes** and describe as "Foreign Income." This is not subject to the \$40,000 (\$20,000 if Married Filing Separately) limit.
6. Calculated MAGI is an auto populated field.
7. Enter any nontaxable income not already included in #6 that should be added for sales tax calculation purposes. See Tab D for examples of nontaxable income.

If taxpayers purchased or sold a home in the tax year, they may not be able to deduct all Real Estate Taxes. See Publication 17, "Real Estate Taxes" section, for more information.

Taxes you cannot deduct: utilities, fees/licenses (drivers, marriage, dog); assessments for improvements that increase property value; assessments for services to the property (sewer, trash collection, etc.).



The following items aren't deductible on Schedule A: Federal income and excise taxes, Social Security or Medicare taxes, federal unemployment (FUTA), railroad retirement taxes (RRTA), customs duties, federal gift taxes, per capita taxes, or foreign real property taxes.

Child Tax Credit (CTC)



Make sure the taxpayer's credit hasn't been disallowed previously. If previously disallowed, see Form 8862, Information To Claim Certain Credits After Disallowance, in Tab I, Earned Income Credit.

This is a credit intended to reduce tax. This part of the credit isn't refundable. The credit is up to \$2,200 per qualifying child and calculates automatically. If taxpayer (or spouse if filing jointly) does not have an SSN or ITIN issued on or before the due date of the return (including extensions), you can't claim the CTC, ODC, or ACTC on either your original or an amended return.

Qualifying child:

1. Under age 17 at the end of the tax year.
2. A U.S. citizen or U.S. national¹ or resident alien of the United States. See Tab L, Resident/NR Alien.
3. Child must be claimed as your dependent.²
4. Your:
 - a. child, adopted child, stepchild, eligible foster child, or a descendant of any of them
 - b. sibling, half sibling, stepsibling, or a descendant of any of them (for example, your niece or nephew)
5. Didn't provide over half of his or her own support.
6. Lived with the taxpayer for more than half of the tax year.³
7. Must have a Social Security number that is valid for employment issued before the due date of the return, including extensions.



If the taxpayer is able to claim the dependent under the rules for divorced and separated parents, he or she is the only parent entitled to claim the child tax credit or additional child tax credit.

Schedule 8812 (Form 1040), Credits for Qualifying Children and Other Dependents, is intended to be filed by all taxpayers claiming the child tax credit, the additional child tax credit, or the credit for other dependents. See Tab C, Dependents, for additional information (including definitions and special rules relating to an adopted child, foster child, or qualifying child of more than one person).

Footnotes

¹A national is an individual who, although not a U.S. citizen, owes his or her allegiance to the United States. U.S. nationals include American Samoans and Northern Mariana Islanders who chose to become U.S. nationals instead of U.S. citizens.

²Refer to the tables in Tab C, Dependents, for the rules governing who may be claimed as a dependent.

³A child is considered to have lived with you for all of the current tax year if the child was born or died in the tax year and your home was this child's home for more than half the time he or she was alive. Temporary absences for special circumstances, such as for school, vacation, medical care, military service, or incarceration, count as time lived at home. If applicable, see Publication 501, Kidnapped child (under Residency Test).

Additional Child Tax Credit (ACTC) – General Eligibility

The child tax credit is generally a nonrefundable credit; however, certain taxpayers may be entitled to a refundable additional child tax credit:

- Taxpayers with more than \$2,500 of taxable earned income may be eligible for the additional child tax credit if they have at least one qualifying child.
- Taxpayers with three or more children may also be eligible for additional child tax credit regardless of their income.
- Limited to \$1,700 per qualifying child.



The IRS cannot issue refunds before mid-February for returns that claim the earned income credit (EIC) or the ACTC.



Taxpayers may not file an amended return to retroactively claim the additional child tax credit for a qualifying child if a valid SSN for the child is issued after the due date of the tax return.



(International Certification only) If you claim the foreign earned income exclusion, the housing exclusion, or the housing deduction on Form 2555, you can't claim the additional child tax credit.



See Disallowance of Certain Credits in Tab I, Earned Income Credit, if the taxpayer received a letter saying they had to complete Form 8862.

Highlights of Education Tax Benefits

This chart highlights some differences among the benefits discussed in Publication 970. See the text for definitions and details. Don't rely on this chart alone.



Expenses for professional development of an educator can be claimed as an educator expense adjustment.



You generally can't claim more than one benefit for the same education expense.

What type of benefit?	What is your benefit?	What is the annual limit?
Scholarships, Fellowships, Grants, and Tuition Reductions	Amounts received may not be taxable	None
American Opportunity Credit	Credits can reduce the amount of tax you have to pay. 40% of the credit may be refundable (limited to \$1,000 per student).	\$2,500 credit per student (100% of the first \$2,000 plus 25% of the second \$2,000 of qualified expenses per student)
Lifetime Learning Credit	Credits can reduce amount of tax you must pay	\$2,000 credit per tax return (20% of up to \$10,000 of qualified expenses)
Student Loan Interest Deduction	Can deduct interest paid on qualified loans. See Tab E, Adjustments, for more information.	\$2,500 deduction per return
Coverdell ESA* OOS if taxable	Earnings not taxed	\$2,000 contribution per beneficiary
Qualified Tuition Program (QTP) (529 Plan)* OOS if taxable	Earnings not taxed	None
Education Exception to Additional Tax on Early IRA Distributions*	No 10% additional tax on early distribution	Amount of qualified education expenses reduced by any tax-free educational assistance
Education Savings Bond Program* OOS	Interest not taxed	Amount of qualified education expenses
Employer - Provided Educational Assistance*	Employer benefits not taxed	\$5,250 exclusion
Business Deduction for Work-Related Education	Can deduct expenses	Amount of qualifying work-related education expenses

*Any nontaxable distribution is limited to the amount that doesn't exceed qualified education expenses.

OOS = Out of Scope

Highlights of Education Tax Benefits (cont'd)

What is the type of benefit?	What expenses qualify besides tuition and required enrollment fees?
Scholarships, Fellowships, Grants, and Tuition Reductions	Course-related expenses such as fees, books, supplies, and equipment
American Opportunity Credit	Course-related books, supplies, and equipment. See What are Qualifying Expenses later for additional information. Note: The maximum amount of qualified education expenses is \$4,000.
Lifetime Learning Credit	Student activity fees and expenses for course related books, supplies, and equipment are included in qualified education expenses only if the fees and expenses must be paid to the institution for enrollment or attendance. Note: The maximum amount of qualified education expenses is \$10,000.
Coverdell ESA* OOS if taxable	<ul style="list-style-type: none"> • Books, Supplies, Equipment • Expenses for special needs services • Payments to QTP • Higher education: Room and Board if at least half-time student** • Elem/sec (K-12) education: Tutoring, Room & board, Uniforms, Transportation, Computer access • Supplementary expenses
Qualified Tuition Program (QTP) (529 Plan)* OOS if taxable	<ul style="list-style-type: none"> • Higher Education: <ul style="list-style-type: none"> ◦ Books, Supplies, Equipment ◦ Room & board if at least half-time student** ◦ Expenses for special needs services ◦ Computer Equipment, computer software, or Internet access and related services • Elem/sec (K-12) education: curriculum materials, tutoring, fees related to college or university admission. • Principal or interest on beneficiary's or sibling's student loan. The amount of distributions for loan repayments of any individual is limited to \$10,000 lifetime.
Education Exception to Additional Tax on Early IRA Distributions*	<ul style="list-style-type: none"> • Books, Supplies, Equipment including computer or peripheral equipment, computer software and internet access and related services if used primarily by the student enrolled at an eligible education institution • Room & board if at least half-time student** • Expenses for special needs services
Education Savings Bond Program* OOS	<ul style="list-style-type: none"> • Payments to Coverdell ESA • Payments to QTP
Employer-Provided Educational Assistance*	<ul style="list-style-type: none"> • Books, Supplies and Equipment • Principal or interest on any qualified education loan
Business Deduction for Work-Related Education	<ul style="list-style-type: none"> • Transportation • Travel • Other necessary expenses

OOS = Out of Scope

*Any nontaxable distribution is limited to the amount that doesn't exceed qualified education expenses.

**Room and board expenses qualify only up to the greater of the following two amounts:

- The actual amount charged if the student is residing in housing owned or operated by the educational institution.
- The allowance for food and housing (room and board) specified by the educational institution in their cost of attendance (COA) for federal financial aid purposes for the academic period of attendance and the student's living arrangement (e.g. on-campus housing, commuting, etc.). Taxpayer must obtain the COA from the student's institution.

Glossary

Acknowledgment (ACK) – A report generated by the IRS to a Transmitter that indicates receipt of all transmissions. An ACK Report identifies the returns in each transmission that are accepted or rejected for specific reasons.

Adjusted Basis – Original basis plus applicable increases or decreases to basis; e.g., capital improvements, assessments, etc. See Publication 551, Basis of Assets, for details.

Adjusted Gross Income (AGI) – Gross income minus adjustments to income. AGI will never be more than gross total income on the return and in some cases may be lower.

Adjustments to Income – Specified adjustments such as educator expenses, deductible contributions to a health savings account, penalty on early withdrawal of savings, contributions to a traditional IRA, student loan interest, etc. Adjustments are subtracted from total income on Form 1040, to establish the AGI.

Adopted child – An adopted child is treated the same as a natural child for the purposes of determining whether a person is related to you in any of these ways. For example, an adopted brother or sister is your brother or sister. An adopted child includes a child who was lawfully placed with a person for legal adoption.

Basis – The original price of a capital asset plus costs of purchase, such as certain commissions and fees. See Publication 551, Basis of Assets, for details. Also see Adjusted Basis.

Blind – A taxpayer is considered blind if either totally blind as of December 31 of the tax year or they have a statement certified by their eye doctor (ophthalmologist or optometrist) that:

- They cannot see better than 20/200 in their better eye with glasses or contact lenses, or
- Their field of vision is 20 degrees or less.

The taxpayer must keep the statement in their records in case the IRS asks for it, but does not need to show it to the volunteer.

Capital Gain or Loss – The difference between the basis of a capital asset and the amount received when it has been sold.

Carryback – the portion of an income tax deduction (as for a net operating loss) or credit which cannot be taken entirely in a given period and which may be deducted from taxable income of a prior period.

Custodial and Noncustodial Parent – The custodial parent is the parent with whom the child lived for the greater number of nights during the year. The other parent is the noncustodial parent. If the child lived with each parent for an equal number of nights during the year, the custodial parent is the parent with the higher adjusted gross income.

Deduction – An amount subtracted from adjusted gross income before the tax is computed. See also Itemized Deductions and Standard Deduction.

Dependent – Either a qualifying child or a qualifying relative (not necessarily a biological relative) of the taxpayer using the rules found in Tab C.

Digital Asset – Any digital representation of value recorded on a cryptographically secured, distributed ledger (blockchain) or similar technology. For examples, digital assets include convertible virtual currencies and cryptocurrencies such as Bitcoin, stablecoins, and non fungible tokens (NFTs).

Direct Deposit – An electronic transfer of a refund into a taxpayer's financial institution account.

Due Diligence – Due diligence, when used in context with claiming the Head of Household filing status or certain credits including the Earned Income Tax Credit (EITC), refers to requirements that income tax return preparers must follow when determining eligibility to file a return or claim for refund as Head of Household and when determining eligibility for, and the amount of, certain credits including the EITC.

Earned income – Any income received for work, such as wages or business/self-employment income.

Earned Income Tax Credit (EITC) – A refundable tax credit for most people who work but do not earn high incomes. The purpose of the EITC is to reduce their tax burden and to supplement the wages of working families whose earnings are less than the maximums for their filing status.

Education Credit – A credit based on qualified education expenses paid during the tax year. Includes the sometimes partially refundable American opportunity tax credit (AOTC) and the nonrefundable lifetime learning credit.

Electronic Filing Identification Number (EFIN) – An identification number assigned by the IRS to accepted applicants for participation in IRS e-file.

Estimated Tax Payments – Payments paid quarterly by the taxpayer if the expected tax due exceeds certain limits. Generally, estimated payments are made by taxpayers that have income from self-employment, dividends, interest, capital gains, rent, and royalties.

Exempt Income – Nontaxable income that is generally not shown on the return and not included in the income tax computation. There are some instances when exempt income is shown on the return but not included in the income tax computation such as interest income produced from certain types of investments.

Exemption – The deduction for personal exemptions was eliminated except as noted below. For tax years (TY) beginning before January 1, 2029 an additional deduction of \$6000 for taxpayers Age 65 or older is allowed. The deduction starts phasing out when Modified Adjusted Gross Income (MAGI) exceeds \$75,000 (\$150,000 if Married Filing Jointly (MFJ)). Taxpayer (and spouse if MFJ) must provide a valid Social Security Number (SSN) on the tax return.

Facilitated Self Assistance (FSA) – A method taxpayers can use to file their own return using a web-based tax preparation software program.

Foreign Earned Income Exclusion – Certain taxpayers can exclude income earned in, and while living in, foreign countries.

Foster Child – A foster child is an individual who is placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

Full-time Student – You're a full-time student if you're enrolled at a school for the number of hours or classes that the school considers full-time. You must have been a full-time student for some part of each of 5 calendar months during the year. (The months need not be consecutive.)

Gross income – All income received in the form of money, goods, property, and services that isn't exempt from tax.

Health Savings Account (HSA) – A medical savings account available to taxpayers who are enrolled in a High-Deductible Health Plan (HDHP). Funds contributed to an account, up to an annual limit, are not subject to income tax.

Identity Protection PIN (IP PIN) – A six-digit number assigned to eligible taxpayers that helps prevent the misuse of their Social Security Number on fraudulent federal income tax returns. Allows taxpayer to file electronically.

Individual Taxpayer Identification Number (ITIN) – A tax processing nine-digit number issued by the IRS. ITINs are issued regardless of immigrant status because both resident and nonresident aliens may have a U.S. filing or reporting requirement.

IRS e-file Signature Authorization (Form 8879) – Declaration document and signature authorization for an e-filed return filed by an Electronic Return Originator.

IRS Master File – Known as the IRS Individual Master File (IMF), this application receives data from an array of sources to aid the IRS regarding tax return submissions. The IMF includes tax return filing information, payment information, examination results, and related documents.

Itemized Deductions – Specific personal expenses such as unreimbursed medical or dental expenses subject to a limitation, mortgage interest, eligible state and local taxes, and charitable contributions that allow taxpayers to reduce their taxable income.

Legally Blind – See Blind.

Main Home – Ordinarily, a home the taxpayer lived in most of the time. It does not have to be a traditional house. A single-family home, a condominium, a cooperative apartment, a mobile home, and a houseboat each may be a main home.

If a taxpayer owns and lives in just one home, then that property is their main home. Taxpayers with more than one home cannot choose which home to designate as their main home. Taxpayers who own or live in more than one home, must apply a "facts and circumstances" test to determine which property is their main home. See Publication 523, Sale of Home for details.

Medicaid Waiver Payment – These are payments treated as difficulty of care payments when received by an individual care provider for care of an eligible individual (whether related or unrelated) living in their home.

Low Income Taxpayer Clinics (LITCs) – Assistance with Tax Problems

Has your taxpayer received a letter from the IRS or has their federal refund been offset?

An LTC may be able to help.

What are LITCs?

LITCs are organizations that represent and advocate for taxpayers who have tax problems with the IRS. They are independent from the IRS and the Taxpayer Advocate Service (TAS). LTC tax professionals offer services for free or a small fee.

Who can receive LTC help?

Taxpayers whose incomes are below a certain level may be eligible for assistance (generally not to exceed 250% of the Federal Poverty Level). Up to 10% of the cases accepted by an LTC may include taxpayers who have income above 250% of the poverty level. For this reason, it is often best to refer a taxpayer and allow the clinic to make the eligibility determination.

What issues can LITCs help with?

LITCs can help with many federal tax issues, e.g., making payments or requesting collection alternatives such as currently not collectible status or an offer in compromise, helping to gather proof to show eligibility for tax exemptions and credits such as the Earned Income Tax Credit, obtaining tax refunds stolen due to identity theft, and appealing IRS decisions. Individual taxpayers include self-employed taxpayers or those with individual tax debt even if it is related to operation of a business. LITCs may also help taxpayers who have both a federal tax dispute and related state and local tax disputes. In addition, LITCs provide education, outreach, and information on taxpayer rights and responsibilities in different languages for individuals who speak English as a second language.

Where is the nearest LTC?

For more information or to find an LTC near your taxpayer, visit www.taxpayeradvocate.irs.gov/litc and use the "Find your local clinic" search tool at the bottom of the page. The location listed may be the main office, as many clinics have additional locations. Call your clinic to find more information. You can access the latest version of Publication 4134, Low Income Tax Clinic List, at www.irs.gov/pub/irs-pdf/p4134.pdf. You can also call 800-TAX-FORM (800-829-3676) to request this publication.

Note: Your site can order printed copies of Publication 4134 and you can contact your local LITCs to request copies of their brochures or business cards. All LITCs provide education about taxpayer rights and responsibilities. LITCs funded under a pilot program educate individuals who speak English as a second language about their taxpayer rights and responsibilities and may not offer representation assistance. IRS Publication 4134 and the LTC locator tool note these clinics.

Taxpayer Advocate Service Is Here to Help You

The Taxpayer Advocate Service (TAS) is an **independent** organization within the Internal Revenue Service (IRS), led by the National Taxpayer Advocate, that helps taxpayers and protects taxpayer rights. TAS offers free help to taxpayers when a tax problem is causing a financial difficulty, when they've tried and been unable to resolve their issue with the IRS, or when they believe an IRS system, process, or procedure just isn't working as it should. TAS strives to ensure that every taxpayer is treated fairly and knows and understands their rights under the Taxpayer Bill of Rights.

TAS has offices in every state, the District of Columbia, and Puerto Rico. To find your local advocate's number:

Visit www.TaxpayerAdvocate.irs.gov/contact-us;

Check your local directory; or

Call TAS toll-free at 877-777-4778.

The Taxpayer Advocate Service's website, www.TaxpayerAdvocate.irs.gov, is a resource for all taxpayers. It covers a variety of tax-related concepts and problems, breaking each down to describe what taxpayers should know, what they should do, and where they can get more help if needed. Taxpayers can also learn about their taxpayer rights.

If a taxpayer comes into a VITA/TCE site with a tax problem they have been unsuccessful in resolving with the IRS, is facing a financial difficulty due to an IRS problem, or believes an IRS system, process, or procedure is not functioning as it should, TAS may be able to help.

Taxpayer Civil Rights

The Department of the Treasury-Internal Revenue Service will not tolerate discrimination based on race, color, national origin (including limited English proficiency), disability, reprisal, sex (in education programs or activities) or age in programs or activities receiving federal financial assistance from the Internal Revenue Service.

Persons with disabilities and/or limited English proficiency should be able to participate in or benefit from programs and services that IRS supports. Taxpayers with a disability may request a reasonable accommodation and taxpayers with limited English proficiency may request language assistance to access service. For additional information refer to Publication 4053 (en-sp), Your Civil Rights are Protected Poster for IRS Assisted Programs (VITA/TCE/LITC) (English & Spanish Version), for reasonable accommodation.

If a taxpayer believes that he or she has been discriminated against, a written complaint should be sent to:

**Internal Revenue Service
Civil Rights Unit
1111 Constitution Avenue, NW, Room 2413
Washington DC 20224**

Email: civil.rights.division@irs.gov

Do not send tax returns, payments or other non-civil rights information to this address.

2025 Publication 6744, VITA/TCE Volunteer Assistor's Test/Retest

Page	Changes
Basic Test Questions	
45	In Form 1099-DIV box 4 Federal income tax withheld, insert : 260
46	No changes
47	In Test Question 14, replace , \$31,500 with: \$30,000
48	No changes
65	No changes
66	Under Question #2, change , the answer to "D" to: \$24,500
71	No changes
72	Under question #14, change , the answer to "D" to: \$30,000
Military Test Questions	
127	In Test Question #1, change , the question to read: "Malik is not able to claim an adjustment to income for:"
128	No changes
International Test Interview Notes	
149	Under the heading Income , in the first bullet point, replace , the sentence with: Maria has an ITIN of 911-00-XXXX, and she does not want to claim the Foreign Earned Income Exclusion for herself.
150	No changes

2025 Publication 6744, VITA/TCE Volunteer Assistor's Test/Retest

Forms 1099-DIV & 1098-T

<input type="checkbox"/> CORRECTED (if checked)			
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. Community Bank 123 Baldwin Avenue YOUR CITY, YOUR STATE, ZIP		1a Total ordinary dividends	OMB No. 1545-0110
		\$ 2,600	Form 1099-DIV
		1b Qualified dividends	(Rev. January 2024)
		\$ 2,600	For calendar year 2025
PAYER'S TIN 38-XXXXXX		2a Total capital gain distr.	2b Unrecap. Sec. 1250 gain
		\$	\$
RECIPIENT'S TIN 127-00-XXXX		2c Section 1202 gain	2d Collectibles (28%) gain
		\$	\$
RECIPIENT'S name Craig Knox		2e Section 897 ordinary dividends	2f Section 897 capital gain
		\$	\$
Street address (including apt. no.) 410 Broadway Drive		3 Nondividend distributions	4 Federal income tax withheld
		\$	\$ 260
City or town, state or province, country, and ZIP or foreign postal code YOUR CITY, YOUR STATE, ZIP		5 Section 199A dividends	6 Investment expenses
		\$	\$
11 FATCA filing requirement <input type="checkbox"/>		7 Foreign tax paid	8 Foreign country or U.S. possession
		\$	
Account number (see instructions)		9 Cash liquidation distributions	10 Noncash liquidation distributions
		\$	\$
		12 Exempt-interest dividends	13 Specified private activity bond interest dividends
		\$	\$
		14 State	15 State identification no.
			16 State tax withheld
			\$
			\$

Form **1099-DIV** (Rev. 1-2024) (keep for your records) www.irs.gov/Form1099DIV Department of the Treasury - Internal Revenue Service

Dividends and Distributions

Copy B For Recipient

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

<input type="checkbox"/> CORRECTED			
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number Baldwin University 3700 Baldwin Avenue YOUR CITY, YOUR STATE, ZIP		1 Payments received for qualified tuition and related expenses	OMB No. 1545-1574
		\$ 10,000	2025
		2	Form 1098-T
FILER'S employer identification no. 89-7XXXXXX	STUDENT'S TIN 129-00-XXXX	3	Copy B For Student This is important tax information and is being furnished to the IRS. This form must be used to complete Form 8863 to claim education credits. Give it to the tax preparer or use it to prepare the tax return.
STUDENT'S name Kim Knox		4 Adjustments made for a prior year	
Street address (including apt. no.) 410 Broadway Drive		5 Scholarships or grants	
City or town, state or province, country, and ZIP or foreign postal code YOUR CITY, YOUR STATE, ZIP		6 Adjustments to scholarships or grants for a prior year	
Service Provider/Acct. No. (see instr.)		7 Checked if the amount in box 1 includes amounts for an academic period beginning January–March 2026 <input type="checkbox"/>	
8 Checked if at least half-time student <input checked="" type="checkbox"/>	9 Checked if a graduate student <input type="checkbox"/>	10 Ins. contract reimb./refund	
		\$	

Form **1098-T** (keep for your records) www.irs.gov/Form1098T Department of the Treasury - Internal Revenue Service

Tuition Statement

Receipts



Baldwin University Meal Plan

Baldwin College Student Housing
3700 Baldwin Avenue
Your City, Your State, ZIP

Received from:

Kim Knox
\$6,000



College Books
3710 Baldwin Avenue
Your City, State, ZIP

Receipt
3 Textbooks: \$950.00
Parking Sticker: \$150.00

*Payment for books is
also on the college
website.*

Invoice #05684

Baldwin University

3700 Baldwin Avenue

Date
August 14, 2025

To
Kim Knox
410 Broadway Drive

Ship To
Same as recipient

Quantity	Description	Unit Price	Total
	Online Textbook	\$300	\$300
		Subtotal	\$300
		Sales Tax	
		Shipping & Handling	
		Total	\$300

Thank you for your business!

Basic Scenario 7: Test Questions

14. Craig and Sarah's standard deduction amount is \$30,000.
- a. True
 - b. False
15. Craig and Sarah's total qualified education expenses used to calculate the American Opportunity Credit are:
- a. \$300
 - b. \$950
 - c. \$1,250
 - d. \$11,250
16. Craig and Sarah Knox can claim the Credit for Other Dependents.
- a. True
 - b. False
17. What is the total amount of the Knox's federal income tax withholding?
- a. \$1,900
 - b. \$2,500
 - c. \$4,660
 - d. \$6,560
18. The taxable amount of Craig's Social Security is \$13,175.00.
- a. True
 - b. False
19. Which of the following statements are true?
- a. Qualified dividends are part of the total ordinary dividends.
 - b. Qualified dividends qualify for lower, long-term capital gains tax rates.
 - c. Qualified dividends are reported on Form 1099-DIV.
 - d. All of the above.

Basic Scenario 8: Beth Tooney

Directions

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.



When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

Interview Notes

- Beth is single and 48 years old.
- Beth has two children. Sally, age 20, has a job and earned wages of \$3,700. Jake, age 27, is totally and permanently disabled and received Social Security benefits of \$5,500. Both children lived with her all year.
- Beth paid all the cost of keeping up the home and more than half the support for her children.
- Beth received disability pension benefits, but she has not reached the minimum retirement age of her employer's plan.
- She does not have enough expenses to itemize for the 2025 tax year.
- Beth, Sally, and Jake are U.S. citizens and have valid Social Security numbers. They all lived in the United States for the entire year.
- If she has any balance due or refund, she would like to use New Bank and Trust. Beth provided a voided check.



Basic Scenario 9: Test Questions

25. Gloria is required to report her gambling winnings on her tax return.
- a. True
 - b. False
26. Gloria's most advantageous filing status is:
- a. Qualifying Surviving Spouse (QSS)
 - b. Married Filing Jointly
 - c. Married Filing Separately
 - d. Head of Household
27. Gloria is **not** required to pay an additional 10% tax on the early distribution from her IRA.
- a. True
 - b. False
28. Gloria qualifies for which of the following credits?
- a. Child Tax Credit
 - b. Child and Dependent Care Credit
 - c. Both a and b
 - d. Neither a nor b
29. Gloria should use Form _____ to split her refund between her savings and checking accounts.
30. What amount can Gloria claim as an adjustment to income for the supplies she purchased out of pocket?
- a. \$0
 - b. \$300
 - c. \$325
 - d. \$350

Basic Course Retest Questions

Directions

The first five scenarios do not require you to prepare a tax return. **Read the interview notes for each scenario carefully and use your training and resource materials to answer the questions after the scenarios.**

Retest Basic Scenario 1: Fred Walker

Interview Notes

- Fred is 39 years old and has never been married.
- Pat, age 14, is Fred's brother who lived with him all year. Fred provided all of Pat's support and provided over half the cost of keeping up the home.
- Fred earned \$48,000 in wages.
- Fred is blind and cannot be claimed as a dependent by another taxpayer.
- Fred and Pat are U.S. citizens, have valid Social Security numbers, and lived in the U.S. the entire year

Basic Scenario 1: Retest Questions

1. Fred's most advantageous filing status for 2025 is Head of Household.
 - a. True
 - b. False
2. What is the amount of Fred's standard deduction?
 - a. \$0
 - b. \$16,600
 - c. \$22,500
 - d. \$24,500

Retest Basic Scenario 6: Scott Payne

Interview Notes

- Scott Payne is single, 24 years old, and has never been married.
- Scott earned wages of \$27,500 during the first half of the year. Scott lost his job in September and received a total of \$8,000 in unemployment compensation.
- Scott is a brick mason and took a class at a local masonry school to maintain his license. He paid the cost of tuition and a course-related book. His qualified education expenses were \$3,000.
- Scott also paid student loan interest for the courses he previously took to earn his Bachelor's degree. For 2025, he paid student loan interest of \$900.
- Scott does not have any dependents.
- Scott is a U.S. citizen with a valid Social Security number.

Basic Scenario 6: Retest Questions

11. What is the taxable amount of Scott's unemployment compensation?
 - a. \$0
 - b. \$900
 - c. \$3,000
 - d. \$8,000
12. The class Scott took at his local masonry school qualifies him to claim the American Opportunity Credit.
 - a. True
 - b. False
13. Scott can deduct \$2,500 of student loan interest as an adjustment to his income.
 - a. True
 - b. False

Basic Scenario 7: Retest Questions

Directions

Refer to the scenario information for Craig and Sarah Knox.

14. Craig and Sarah's standard deduction is:
- a. \$15,000
 - b. \$22,500
 - c. \$31,000
 - d. \$30,000
15. Craig and Sarah can claim \$1,250 of qualified education expenses to calculate the American Opportunity Credit.
- a. True
 - b. False
16. Craig and Sarah can claim the Credit for Other Dependents for Kim.
- a. True
 - b. False
17. The Knox's total amount of federal income tax withholding for 2025 is \$_____.
(Note: whole number only, do not use special characters.)
18. How much of Craig's Social Security is taxable income?
- a. \$0
 - b. \$11,675
 - c. \$13,175
 - d. \$15,500
19. Qualified dividends are reported on Form 1099-DIV.
- a. True
 - b. False

Military Course Scenarios and Test Questions

Directions

The first four scenarios do not require you to prepare a tax return. **Read the interview notes for the scenario carefully and use your training and resource materials to answer the questions.**

Military Scenario 1: Malik Frame

Interview Notes

- Malik Frame is single.
- Malik is a tank driver in the Army Reserve. He attended training drills one weekend a month for 12 months in 2025.
- Malik only owns one vehicle. He placed his vehicle in service on December 18, 2024.
- Malik's total mileage in 2025 was 14,379 miles.
- Malik's duty station is 150 miles away from his residence. He drove 3,600 miles to and from his duty station based on his travel log.
- Malik paid \$725 for meals while attending training drills. Lodging was provided for free on the base.
- Meals were within Federal per diem rates for the area.
- Malik paid \$180 for the cost and upkeep of his uniforms. He is permitted to wear his uniform for off-duty purposes.
- Malik did not receive reimbursement for any of his out of pocket expenses.
- Malik paid \$55 in tolls and \$37 for parking.

Military Scenario 1: Test Questions

1. Malik is **not** able to claim an adjustment to income for:
 - a. Meals
 - b. Mileage, tolls, and parking to and from his duty station
 - c. Uniforms
 - d. All of the above
2. How much can Malik claim as a deductible mileage expense?
 - a. \$0
 - b. \$210
 - c. \$756
 - d. \$2,520

Military Scenario 2: Randy and Shannon Rivers

Interview Notes

- Randy and Shannon lived in Norfolk, VA where Randy is stationed in the Navy. He received new orders to move to Kittery, ME naval base. This is a permanent change of station (PCS).
- They decide to make a Personally Procured Move (PPM).
- Shannon traveled to Kittery in June to find an apartment to rent. She spent \$1,628 for airfare, hotel, food, and rental car.
- The Rivers paid \$925 for the rental truck. They spent \$453 on boxes, bubble wrap, tape, and mattress bags.
- On August 8, 2025, Randy and Shannon packed up their belongings and began driving from Norfolk to Kittery. On the way, they stopped in Long Island, NY to visit relatives.
- The Rivers drove the rental truck a total of 878 miles. The shortest most direct route calculated by the Navy was 618 miles.
- They stayed a total of 3 nights instead of the one authorized night. The allowable lodging per diem is \$321 per night.
- The Rivers spent \$335 for food and \$129 for fishing supplies. They also spent \$200 at the casino playing craps.
- They paid \$180 in tolls and \$125 for parking as part of the expected move.
- Their move was estimated to cost \$2,134 and the Navy provided \$1,921 in advance.
- Randy and Shannon are U.S. citizens and have valid Social Security numbers.

Military Scenario 2: Test Questions

3. Any net financial profit from the move would be reported on:
 - a. Form 1040 Schedule 1, Additional Income and Adjustments to Income
 - b. Form 1099-MISC, Miscellaneous Information
 - c. Form W-2, Wage and Tax Statement
 - d. It doesn't need to be reported
4. Which of the following is **not** a qualified moving expense?
 - a. Expenses for stopover, side trips, and pre-move house hunting
 - b. Rental truck
 - c. Tolls and Parking
 - d. Boxes and mattress bags.

International Scenario 3: Chris and Maria Ravix

Directions

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.



When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

Interview Notes

- Chris is a U.S. citizen married to Maria who is French citizen. Maria has elected to be treated as a resident alien for U.S. tax purposes. They have both lived in France since August 17, 2021. They do not maintain an address in the U.S. and have no intentions of returning.
- Chris considers himself a resident of France. They rent an apartment at 270 Boulevard Orleans, Paris, France 75014.
- Income:
 - Maria has an ITIN of 911-00-XXXX, and she does **not** want to claim the Foreign Earned Income Exclusion for herself.
 - Chris wants to claim the Foreign Earned Income Exclusion for himself if possible.
 - Chris's visa type: Unlimited
 - Chris works at the U.S. Embassy and has a Form W-2 for his wages.
 - In 2025, Chris worked part-time as museum guide. He works for the Louvre Museum located at 99 Rue de Rivoli, Paris, France, 75001. Chris earned the equivalent of \$9,500 in wages and paid income taxes totaling 650 Euros. These taxes were paid to France.
- Maria works at her job as a banker for the Viterbo Bank. The bank is located at 4570 Rue Vincennes, Paris, France 75012. She earned \$51,600 that she has already converted to U.S. dollars. She states that she paid French income taxes of 3,500 Euros. The 2025 average annual exchange rate was 1 U.S. Dollar (USD) = 0.88 Euros.
- Chris was not required to file FinCen Form 114 or Form 8938.
- Chris and Maria did not itemize in 2024, and they do not have enough deductions to itemize in 2025.



2025 Publication 4491, VITA/TCE Training Guide

Page	Changes
Important Changes	
xi	No changes
xii	Under heading Child Tax Credit/Additional Child Tax Credit , in the first sentence, replace , \$1,400, with: \$1,700
xii	Under the heading No tax on car loan interest , before the last sentence, insert : The \$10,000 limitation is a per return limit.
Income – Business	
9-6	No changes
9-7	Under heading Car and Truck Expenses , in the third paragraph, remove ride sharing insurance

Standard Mileage Rate

For 2025, the following rates are in effect:

- 70 cents per mile for business miles driven
- 21 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The standard mileage rate for business cannot be used to claim an itemized deduction for unreimbursed employee travel expenses during the suspension of miscellaneous itemized deductions that are subject to the 2% of AGI floor.

The moving expense deduction is not allowed through 2025 and the exclusion from income of moving expense reimbursements from an employer is also suspended. The only exception is for active military service members who move pursuant to a military order to a new permanent duty station.

Deduction for Qualified Business Income

For 2025, the threshold amount is \$394,600 for married filing joint returns and \$197,300 for all other returns.

Retirement Savings Contribution Credit

To claim this credit in 2025, the taxpayer's modified adjusted gross income (MAGI) must not be more than \$39,500 for Single, Married Filing Separately, or Qualifying Surviving Spouse (increase of \$1,250). MAGI must not be more than \$59,250 (increase of \$1,875) for Head of Household, and \$79,000 (increase of \$2,500) for Married Filing Jointly.

Qualified Overtime Compensation (No tax on overtime)

Allows a deduction of up to \$12,500 (\$25,000 in the case of a joint return) of qualified overtime income received for the taxable year. The allowable deduction is reduced if the taxpayer's MAGI exceeds \$150,000 (\$300,000 in the case of a joint return). Qualified overtime compensation is defined as overtime paid to an individual whose occupation is covered by the Fair Labor Standards Act of 1938 (FLSA). Only the overtime amount which exceeds the regular rate of pay is eligible for the deduction.

- No deduction allowed if taxpayer does not include a valid SSN on the return.
- If married, taxpayer must file a joint return to claim deduction.
- Deduction is allowed to non-itemizers.

No tax on tips

Deduction is allowed for an amount equal to qualified tip income received during the taxable year that are included on statements furnished to the taxpayer. The allowed deduction for any taxable year cannot exceed \$25,000. The allowable deduction is reduced if MAGI exceeds \$150,000 (\$300,000 if MFJ). No deduction is allowed if taxpayer does not include a valid SSN on the tax return.

If married, taxpayers must file joint return to claim the deduction. Qualified tips means cash tips received by an individual in occupations where tips are customary. The deduction is allowed to non-itemizers.

Earned Income Credit (EIC)

For 2025, the maximum credit increased to:

- \$8,046 with three or more children
- \$7,152 with two children
- \$4,328 with one child
- \$649 with no children

Earned Income and AGI Amounts Increased

To be eligible for a full or partial credit, the taxpayer must have earned income and AGI of at least \$1 but less than:

- \$61,555 (\$68,675 if Married Filing Jointly) with three or more qualifying children
- \$57,310 (\$64,430 if Married Filing Jointly) with two qualifying children
- \$50,434 (\$57,554 if Married Filing Jointly) with one qualifying child
- \$19,104 (\$26,214 if Married Filing Jointly) with no qualifying child

Investment Income

Taxpayers whose investment income is more than \$11,950 cannot claim the EIC.

Child Tax Credit/Additional Child Tax Credit

Increases the child tax credit to \$2,200 per qualifying child (an individual who has not attained age 17 during the taxable year), and provides that the maximum refundable amount may not exceed \$1,700 per qualifying child. To receive the child tax credit (i.e. both the refundable and nonrefundable portion), a TP must include a valid SSN on the return (if MFJ, at least one spouse must have an SSN) and also the SSN for each qualifying child for whom the credit is claimed on the tax return; The credit and refundable amount are indexed for inflation.

Student loan interest deduction

Begins to phase out for taxpayers with MAGI more than \$85,000 (\$170,000 for joint returns) and is completely phased out for taxpayers with MAGI of \$100,000 or more (\$200,000 or more for joint returns).

Qualified higher education expenses for purposes of 529 accounts

Expands qualified higher education expenses to include qualified postsecondary credentialing expenses, such as, tuition, books, supplies or equipment required for enrollment. Continuing education expenses and exam fees to keep credentials current, also qualify.

Expands definition of “qualified higher education expenses” to include additional categories of allowed expenses for students enrolled in or attending elementary or secondary private, public, or religious schools. Qualified expenses now include tuition, curriculum and curriculum materials, online educational materials, tutoring or educational classes outside of the home, including at a tutoring facility, fees for tests related to college or university admission, fees for dual enrollment in an institution of higher education and educational therapies.

Both changes apply to 529 distributions made after July 4, 2025.

Qualified Charitable Distributions

For 2025, the maximum amount of qualified charitable distributions that are not includible in gross income is \$108,000 (an increase of \$3,000). The maximum amount applies to each spouse if filing jointly.

No tax on car loan interest:

A deduction is allowed for up to \$10,000 of interest on a qualified passenger vehicle loan used to purchase a passenger vehicle after 12-31-2024 (does not apply to used car purchases). A qualified passenger vehicle is a car, minivan, van, sport utility vehicle, pickup truck, or motorcycle with a gross vehicle weight of less than 14,000 pounds. Final assembly of the qualified vehicle must occur in the U.S. The Vehicle Identification Number (VIN) must be included on the return. The allowable deduction is reduced if the taxpayer's MAGI exceeds \$100,000 (\$200,000 if MFJ). The \$10,000 limitation is a per return limit. The deduction is allowed for non-itemizers.

2025 Publication 4491, VITA/TCE Training Guide

- Any Schedule C income that qualifies the taxpayer for the maximum EIC
- Schedule C without a Form 1099

Taxpayer Interview and Tax Law Application

A taxpayer, Dana, comes in to have her tax return prepared. She tells you she runs her own babysitting business and wants to claim the EIC. To assist the taxpayer in completing an accurate return, you need to ask more questions to determine if Dana did incur allowable business expenses and that the income she reported is correct.

Sample Interview

Volunteer Says...	Dana Responds...
Tell me about your business, and were you the sole owner?	I have a babysitting service that I handle all by myself.
Do you have a record of your business income and expenses for last year?	Well, I'm not very good at keeping records, but I can tell you that I made \$14,000 over the course of the year. I didn't have any expenses.
How did you determine that you made a net profit of \$14,000?	I based my income on deposits to my checking account.
I see. We may be able to reconstruct your business income based on your deposits. Did you bring any bank statements or your checkbook record with you today?	No, I'm sorry.
How many children did you care for, and was this a full-time or part-time job for you?	Babysitting is just part-time. I watch several of my neighbors' children along with my own kids who are 8 and 10 years old.
What is your fee for babysitting?	It averages about \$10 an hour.
Do you have a calendar or schedule of the children present each day?	No, but I may be able to come up with one.
Do you have a business license or permit, and do you watch the children in your own home or in a daycare facility or in the client's home?	My home and sometimes at my neighbors' homes. I don't need a permit.
Do you buy any supplies such as food, diapers, toys, or other items necessary for the business?	Sometimes I need to buy supplies. But I didn't bring receipts with me.
Did you intend to deduct expenses for the business use of your home?	No, I don't think so.
Be aware that the IRS requires that you report all income and allowable expenses on your tax return. In the event of an IRS audit, you will be responsible for providing support for the income and expenses claimed on your return. Before we can proceed, you'll need to gather some additional facts and records. I'll write down a list of items that could help us more accurately calculate your net profit from your business.	OK – thanks. I'll see what I can pull together.

The information provided by the taxpayer appears to be both inconsistent and incomplete, because it is unlikely that someone who operates this type of business:

1. Has no business expenses. Most businesses have expenses, even if it is just a few dollars here and there.
2. Has annual gross receipts from the business that are an exact round dollar amount, and that amount maximizes EIC.

The volunteer cannot complete a return based on information provided, but gives Dana the chance to gather materials to document her business.

What business expenses are within scope for the VITA/TCE programs?

Taxpayers deduct the costs of running their business. These costs are known as business expenses. To be deductible, a business expense must be both ordinary and necessary. An ordinary expense is one that is common and accepted in the taxpayer's industry. A necessary expense is one that is helpful and appropriate for the taxpayer's trade or business. All ordinary and necessary expenses incurred in a self-employed taxpayer's business must be reported. See the Instructions for Schedule C for more detailed information on deductible business expenses. Examples of these expenses include the following:



Every self-employed taxpayer must claim all allowable deductions in computing net earnings from self-employment.

Advertising

Advertising expenses are the costs associated with promoting the business through various means including internet ads, newspapers, magazines, billboards, racing sponsors, and television spots.

Car and Truck Expenses

A taxpayer who uses a car or truck in a business may be able to deduct the costs of operating and maintaining the vehicle. This is true even if the taxpayer used the vehicle for hire. Vehicle expenses can be calculated using actual expenses or the standard mileage rate. Actual expenses include depreciation. The calculation of depreciation is outside the scope of the VITA/TCE programs. If the taxpayers have used actual expenses in the past, or wish to use actual expenses in the current year, they must be referred to a professional tax preparer.

For the standard mileage deduction, the current standard mileage rate is multiplied by the number of business miles.

Self-employed taxpayers can also deduct the business part of interest on a car loan, state and local personal property tax on the car, parking fees, and tolls, whether or not they claim the standard mileage rate. For-hire drivers may have other deductible car expenses such as cellular service, fees, in addition to using the standard mileage rate. Commuting and other personal automobile expenses such as depreciation, lease payments, maintenance and repairs, gasoline (including gasoline taxes), oil, insurance, parking tickets, traffic fines, or vehicle registration fees are not deductible.



Wendy is a self-employed masseuse and does not maintain an office in her home. She does neck massages for office workers and travels to three office buildings each work day. It is 10 miles from home to the first office and 5 miles from the last office back home. These 15 miles are commuting miles and, therefore, not deductible. The 13 miles Wendy drives from the first office to the second office and 5 miles from the second office to the third office are deductible. Of the 33 miles driven each work day, 18 miles are deductible.



For-hire drivers who have mileage in between customer pick-ups can claim the mileage as a business expense.

Commissions and Fees

Commissions or fees are paid to both individuals and businesses. If payments to a single individual are \$600 or more, the taxpayer must report the payments on Form 1099-MISC or Form 1099-NEC. In this case, the taxpayer's return is out of scope for the VITA/TCE programs.

Link & Learn Taxes

Link & Learn Taxes is web-based training designed specifically for VITA/TCE volunteers. Each volunteer's ability to prepare complete and accurate returns is vital to the credibility and integrity of the program. Link & Learn Taxes, as part of the complete volunteer training kit, provides the path to achieving this high level of quality service.

Link & Learn Taxes and Publication 4012, VITA/TCE Volunteer Resource Guide, work together to help volunteers learn and practice.

Link & Learn Taxes for 2025 includes:

- Access to all VITA/TCE courses
- Easy identification of the VITA/TCE courses with the course icons
 - As you progress through a lesson, the content for Basic, Advanced, Military, or International will display, depending on the level of certification you selected
- PowerPoint presentations that can be customized to fit your classroom needs
- VITA/TCE Central to provide centralized access for certification, training materials, and reference links
- The Practice Lab
 - Gives volunteers practice with an early version of the IRS-provided tax preparation software
 - Lets volunteers complete sample practice problems
 - Lets volunteers prepare test scenario returns for the test/retest



Go to **apps.irs.gov/app/vita/**. You'll find a detailed overview and links to the courses.

FSA (Facilitated Self Assistance) empowers taxpayers to prepare their own returns with the assistance of a certified volunteer. Taxpayers complete their own returns using interview-based software supplied by leaders in the tax preparation industry. Volunteers assist taxpayers with tax law questions.

Virtual VITA/TCE model includes any site where face-to-face activities are not used during the tax preparation process. That is, the intake specialist, IRS-tax law certified preparer (who prepares the return) and/or the quality reviewer are not face-to-face with the taxpayer. By incorporating this flexibility partners can provide taxpayers with more convenient locations to file their taxes.

For more information contact your SPEC Relationship Manager to see if you should start a FSA or Virtual VITA/TCE site in your community.

IRS.gov



IRS



Your online resource for volunteer and taxpayer assistance

Partner and Volunteer Resource Center

(www.irs.gov/Individuals/Partner-and-Volunteer-Resource-Center)

- What's Hot!
- Site Coordinator's Corner

Quality and Tax Alerts for IRS Volunteer Programs

(www.irs.gov/individuals/quality-and-tax-alerts-for-irs-volunteer-programs)

- Volunteer Tax Alerts

Volunteer Training Resources

(www.irs.gov/Individuals/Volunteer-Training-Resources)

Outreach Connection

(www.irs.gov/outreach-connection)

Interactive Tax Assistant (ITA)

(www.irs.gov/ita)

Online Services and Tax Information for Individuals

(www.irs.gov/individual-tax-filing)

Tools & Applications

- **Document upload tool**
(www.irs.gov/documentuploadtool)
- **Your account**
(www.irs.gov/your-account)
- **IRS Free File**
(www.irs.gov/freefile)
- **Where's My Refund**
(www.irs.gov/wheres-my-refund)
- **Pay Directly From Your Bank Account**
(www.irs.gov/directpay)
- **Get Your Tax Records**
(www.irs.gov/transcript)
- **Identity Protection Pin (IP PIN)**
(www.irs.gov/ippin)
- **Tax Withholding Estimator**
(www.irs.gov/w4app)
- **Taxpayer Assistance Center Locator**
(www.irs.gov/appointment)

eBooks

Want to view our training products on your mobile or tablet devices?

Click here to access our eBooks: www.irs.gov/individuals/site-coordinator-corner

Mobile App

Another device to use for additional information is IRS2Go.

Click here to download IRS2Go mobile app: www.irs.gov/irs2go.

and much more!

Your direct link to tax information 24/7: www.irs.gov