

Refund or Owe

Page two of Form 1040 will indicate if you are due a refund or owe the IRS.

Refund

Line 34: Amount you overpaid.

Line 35a: Amount of Line 34 you want refunded to you.

If you have past due federal debt your refund may be garnished to pay that debt.

Line 36: Amount you would like the IRS to apply towards the following year's estimated tax.

Balance Due

Line 37: Amount you owe.

Line 38: Estimated tax penalty assessed on taxes owed over \$1,000. IRS will notify you of this amount.

If you owe and are unable to make a full payment refer to ABDC's IRS Debt brochure.

NOTE...

- **Verify ALL information on your tax return**
- **All names MUST match the name on file with the Social Security Administration**
- **You are responsible for all information on your tax return, regardless of preparer**

LITC

Alaska Business Development Center's Low Income Taxpayer Clinic provides assistance year round to low income and English-as-a-Second Language taxpayers. Assistance includes education on taxpayer rights and responsibilities, consultation on IRS issues and representation on IRS disputes. Tax preparation is not conducted under the Low Income Taxpayer Clinic.



VTLP Proudly Serving Rural Taxpayers Since 1995

ALASKA BUSINESS DEVELOPMENT CENTER

840 K Street, Suite 202

Anchorage, Alaska 99501

P: (907) 562-0335 P: (800) 478-3474

F: (907) 562-6988 F: (866) 747-5801

www.abdc.org

Understanding...

FORM 1040

The information included on your tax return and what it means to you.



Brought to you by:
Alaska Business Development Center
Low Income Taxpayer Clinic

Form 1040

Form 1040 is used to prepare individual tax returns. The two page form summarizes tax information for the calendar year. Additional supporting forms/schedules may be required.

Page 1.

- Filing Status
- Taxpayer and Spouse Name, Address, and Social Security Numbers (SSN)
- Dependents Name and SSN

Lines 1 through 8: Income e.g., Wages, Dividends, Social Security, Self-Employment and the PFD

Line 10: Adjustments to Income e.g., Deductible part of Self-Employment Tax

Line 11: Adjusted Gross Income (AGI)

Line 12: Deduction(s)

Line 15: Taxable Income

Page 2.

Line 16: Tax (based on taxable income)

Line 19: Non Refundable Credits e.g., Child Tax Credit and Credit for Other Dependents

Line 24: Total Tax (reduced by non refundable credits and increased by other taxes)

Line 25d: Federal Tax Withheld

Line 27-31: Refundable Credits e.g., EIC, Additional Child Tax Credit, 3rd Stimulus

Line 35a: Amount Refunded to You

Line 37: Amount You Owe

AGI

Your total income, Line 9, may be reduced by specific adjustments such as:

- Deductible portion of self-employment tax
- Traditional IRA deductions
- Student loan interest

Total income reduced by adjustments determines Adjusted Gross Income (AGI), Line 11.

Taxes & Credits

Deductions

Line 12: Reduces your gross income by either a standard or itemized deduction, whichever is greater.

Standard deductions are the most common and are based on filing status.

Itemized Deductions only apply when itemized deductions are greater than the standard deduction. Common itemized deductions include unreimbursed medical expenses, mortgage interest and charitable contributions.

Filing Status	2022 Standard Deduction Amount
Single	\$12,950
Married Filing Jointly	\$25,900
Married Filing Separately	\$12,950
Head of Household	\$19,400
Qualifying Surviving Spouse with dependent child	\$25,900

Exemptions

Suspended as of 2018.

Taxes

Line 15: Taxable income on which income tax will be assessed after your deductions are subtracted from your AGI (Line 11).

Line 16: Tax based on Line 15 Taxable income. May include tax from Form 8814.

Line 24: Total tax; Line 16 reduced by non-refundable credits and increased by other taxes e.g., self-employment tax.

Nonrefundable Credits

After your tax is assessed, you may be eligible for additional credits. **Lines 19-20** (from Schedule 3) are **Nonrefundable** because combined they cannot be larger than the amount on Line 16.

Line #	Common Credits	Description
19	Child Tax Credit, Other Dependents Credit	Must meet qualifications
20	Credit for Child & Dependent Care Expenses	Can be claimed if you paid someone* to watch your child (under age 13) while you worked
20	Education Credits	American Opportunity Tax Credit or Lifetime Learning Credit for qualifying expenses
20	Retirement Savings Contributions Credit	Limited based on contribution made, income, age and filing status

*Certain restrictions apply regarding who you pay to watch your child; said person must include amount as income.

Other Taxes

Line 23: Includes self-employment tax paid by self-employed individuals (including commercial fishermen). Self-employment tax is the Social Security and Medicare taxes normally withheld and reported on an employee's Form W-2.

Also includes an additional 10% tax on:

- Early withdrawals from retirement accounts and other favored accounts.
- Withdrawals from Education/Health Savings Accounts not used for qualified expenses.



Note...

Form 1040 does not have to be intimidating. Read each line and use this brochure to help make sense of your tax situation.

Payments

Taxpayer's Money

Line 25d: Federal Income Tax Withheld; money withheld from your paycheck or other payments and submitted to the IRS by a payer on your behalf. Refer to ABDC's Withholding brochure for further information.

Line 26: Includes Estimated Tax Payments sent to the IRS throughout the year by self-employed taxpayers and other taxpayers that do not have enough withheld. Refer to the Estimated Tax Payments brochure for further information.

Line 32: Other Payments and Refundable Credits

Refundable Credits

These credits are considered **Refundable Credits** because they may result in a refund if the credit is larger than Line 24. Total tax.

Line #	Name	Description
27	Earned Income Credit (EIC)	Credit based on family size & income level. Must have earned income to qualify.
28	Additional Child Tax Credit	Unused portion of the Qualifying Child Tax Credit (Line 19) restricted by income.
29	American Opportunity Credit (AOC)	If the AOC from Line 20 is larger than the tax due, the excess can be claimed here.