

As an AARP Foundation Tax-Aide Counselor, you will determine if the taxpayer owes additional taxes, and determine their total tax.

### Learning Objectives

- Identify the different types of other taxes on a return
- Determine if a taxpayer is liable for other taxes that are within scope of AARP Foundation Tax-Aide
- Determine how to report these additional taxes on the tax return

### Getting Started:



Study the associated IRS VITA/TCE Training Guide Chapter 27.



Open [Pub 4012 Volunteer Resource Guide](#) Tab H-1 through H-3.

### Hint from NTTC Modifications to the IRS Training Guide

#### Who does not pay self-employment tax?

- Notaries public are not subject to the self-employment tax by law.
- Statutory employees have Social Security and Medicare tax withheld and do not have to pay the self-employment tax.

#### Missed required minimum distribution from an IRA

Part IX of form 5329 is in scope for Tax-Aide. Use it to request a waiver of the addition to tax for failure to take the required minimum distribution from an IRA. The taxpayer must take a correcting distribution to catch up in order to request the waiver. Refer to the Volunteer Resource Guide for specific software instructions.

#### How do you complete Form 5329, Part I ... additional point

The list of exceptions to the additional tax is also in the Volunteer Resource Guide Tab H. Do not reduce medical expenses or education expenses eligible for a deduction or credit for the amounts used to reduce the addition to tax on an early distribution. This is not a double dip situation and is allowable.

## TaxSlayer Input: Other Taxes

**Form 5329 Part IX** is in scope for Tax-Aide to request a waiver of the additional tax when the taxpayer failed to take their required minimum distribution.

### Practice Lab

Be careful viewing the **Entering Other Taxes video and document**. Since TaxSlayerPro is also a commercial product for professional preparers, many of the TaxSlayer inputs on sheet “Other Taxes” are out of scope for Tax-Aide volunteers. Check out the chart on the next page.

**TaxSlayer Hint:** The software makes most of the calculations and displays the resulting tax on Form 1040.

### Tax-Aide Learning Hints:

- It is very important for a volunteer to follow the Pub 4012 when handling Other Taxes and to insist that taxpayers with out of scope input requirements have their return prepared by a professional provider.
- Taxpayers can find the [First Time Homebuyer Credit Account Look-up](#) at IRS.gov useful. Note, the IRS will reject any efiled tax return where the First Time Homebuyer Credit is not recognized when an annual amount is owed. Most taxpayers are aware of the First Time Homebuyer Credit repayment requirement and may need a reminder. A thorough interview is critical to a complete tax return.

**Learning Review**

<p><b>1:</b> Nancy had a summer job at a coffee hut. She made \$18 in tips in May, \$755 in June, \$600 in July, and \$45 in August. Until a co-worker told her, she didn't realize she had to report her tips to their employer. She then reported \$1,000 in tips to her boss. What amount of tips will Nancy have to add to her Form 1040 as wages?</p> <p>A. \$1,418 B. \$1,000 C. \$418 D. \$18</p>	
<p><b>2:</b> What amount of unreported tips does Nancy have to pay Social Security and Medicare taxes on when she files her tax return?</p> <p>A. \$1,418 B. \$400 C. \$45 D. \$18</p>	

**Feedback:**

Please email: [selfstudy@aarpdfntaxaide.org](mailto:selfstudy@aarpdfntaxaide.org). Appreciate suggestions and comments.

### Answers to Learning Review

**1:** C. Nancy's combined tips for May, June, July, and August were \$1,418, and she reported only \$1,000 to her employer. She needs to add \$418 as wages on her tax return.

**2:** B. Nancy does not have to pay Social Security and Medicare taxes on the tips she received in May, because they amounted to less than \$20 for the month.

## Other Taxes

Self-Employment Tax [Schedule SE](#)

Alternative Minimum Tax [Form 6251](#)

Tax on Unreported Tip Income [Form 4137](#)

Tax on Early Distribution [Form 5329](#)

Household Employment Tax [Schedule H](#)

First-time Homebuyer Repayment [Form 5405](#)

Tax For Children Under Age 18 [Form 8615](#)

Child's Interest/Dividend Earnings [Form 8814](#)

Net Investment Income Tax [Form 8960](#)

Uncollected Social Security and Medicare Tax on Wages [Form 8919](#)

**Out of Scope for  
Tax-Aide Volunteers**

