

TAP Volunteer Mini Manual A Quick-Reference Guide

2020 Tax Season

(Tax Year 2019)

LADDER UP

Please do not write down any passwords here or anywhere else on the printed materials.

If you need assistance logging into any of the computers or software at the site, please ask your Site Manager/Leader.

If you would like to save this information somewhere, please save it in your smartphone.

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LADDER UP OVERVIEW

Mission

Ladder Up is committed to helping hardworking families and individuals access the financial resources and tools they need to move up the economic ladder. Whether it is helping clients obtain the tax refunds they deserve, secure the financial aid that makes higher education affordable, or gain the knowledge to make sound financial decisions, Ladder Up provides free financial services to help Chicago-area families and individuals improve their quality of life.

Ladder Up's volunteer corps is one of the largest volunteer workforces in the Midwest. Partnering companies represent various sectors, including accounting, banking, consulting, law, and financial services. By utilizing the donated service of its volunteers, along with donated office space, legal counsel, and service locations, **Ladder Up is able to return \$27 in benefits to clients for every \$1 invested in the organization.**

LADDER UP PROGRAMS:

TAX ASSISTANCE PROGRAM (TAP)

Ladder Up offers free tax preparation and electronic filing to help low- to moderate-income taxpayers secure valuable tax refunds. By engaging over 1,000 volunteers each year, Ladder Up provides free tax help to clients at over 20 service locations, mostly in the Chicagoland area.

FINANCIAL CAPABILITY

Higher Education Access Initiative

Ladder Up helps students secure financial aid through assistance with the Free Application for Federal Student Aid (FAFSA). During FY 2018-2019, Ladder Up assisted 5,967 students and parents with the FAFSA and financial aid presentations and workshops, helping them secure an estimated \$18.85 million in financial aid awards for higher education. Ladder Up also educated students about award letters, college finances, student loans, and personal statements by offering workshops to students.

Financial Literacy Program

Ladder Up helps high school students and adults lay the foundation for financial stability by offering one-on-one financial coaching and leading workshops on topics including credit, banking, and consumer choices. During FY 2018-2019, Ladder Up reached over 2,343 individuals through workshops and one-on-one financial coaching. The organization also helped clients access 1,707 asset building services at tax sites through its Save Up pilot program.

Asset Building at Tax Time

Ladder Up leverages tax time to connect low-income clients with asset-building services including credit report pulls, financial coaching, fee-less debit cards, and incentivized savings opportunities.

If a client is interested in financial aid services or financial coaching, please ask them to call and leave a message at (312) 409-1555 or e-mail SaveUp@goladderup.org.

FREE TAX CLINIC

The Tax Clinic provides legal counsel and representation to clients in tax disputes with the IRS and Illinois Department of Revenue (IDOR). The clinic assists clients with the following types of matters:

- Audits
- Collections
- Problems related to the ACA
- Family Status Issues (F/S, DX, EIC CTC)
- EITC and Child Tax Credit disputes
- Cancellation of Indebtedness (1099-C, 1099-A, Underreported CP2000 Letter)
- Unreported Income
- Misclassified Worker Disputes (Form SS-8, Form 4852)
- Injured Spouse
- Innocent Spouse Relief
- Other issues arising from dispute with IRS or IDOR

Cases that are **Out-of-Scope** for the Tax Clinic:

- Property Tax
- Taxes collected by IL Dept of Employment Security
- Disputes between/among taxpayers
- Employment matters
- Non-tax debt collection and refund offsets
- Business entities (however, the tax clinic can assist sole proprietorships and sole shareholders in an S-Corporation or LLC)
- Disputes with paid preparers over rapid refunds

Any Illinois taxpayer who meets our tax preparation income guidelines is eligible for free services from the Tax Clinic.

If a client needs to contact the Tax Clinic, please ask them to call (312) 630-0242, or e-mail info@goladderup.org

VOLUNTEER TRAINING, ROLES, AND CERTIFICATION

Ladder Up requires that all volunteers complete five online training modules that cover site process and policies, as well as tax law that pertains to VITA programs.

Per IRS rules, all Ladder Up volunteers must pass the IRS prerequisites (Volunteer Standards of Conduct and Intake/Interview & Quality Review Tests) with 80% or higher every year before attending a volunteer session. Additional training varies by role.

Role	Responsibilities
Site Leader	Manages site operations, clients, and volunteers. Site Leaders need to attend an additional half-day site leader training every year and must also complete the IRS Tax Certification.
Intake Screener	Greets clients and checks that they have brought their identification documents and all other necessary tax documents. Intake Screeners also assist with managing the flow of clients and help interested clients apply for CFR cards.
Case Reviewer	Conducts an in-depth review of each client's materials and tax situation, working one-on-one with each client to review their IRS Form 13614-C and other documents to ensure the client is in-scope for VITA. This role is crucial for smooth site operations. Case Reviewers are encouraged to also complete the IRS Tax Certification.
Tax Preparer	Works one-on-one with clients to complete their Federal and Illinois tax returns using Intuit ProSeries tax software. Tax Preparers must also complete the IRS Tax Certification.
Quality Reviewer	Works one-on-one with clients to review and finalize the completed Federal and Illinois tax returns. Quality Reviewers then explain the return to the client and informs the client their refund/amount owed. Quality Reviewers must also complete the IRS Tax Certification to prepare and review returns.
Interpreter	Assists volunteers in working with clients who speak other languages, including Spanish, Polish, and Chinese (contact us for more details). Interpreters are required to complete the prerequisites.

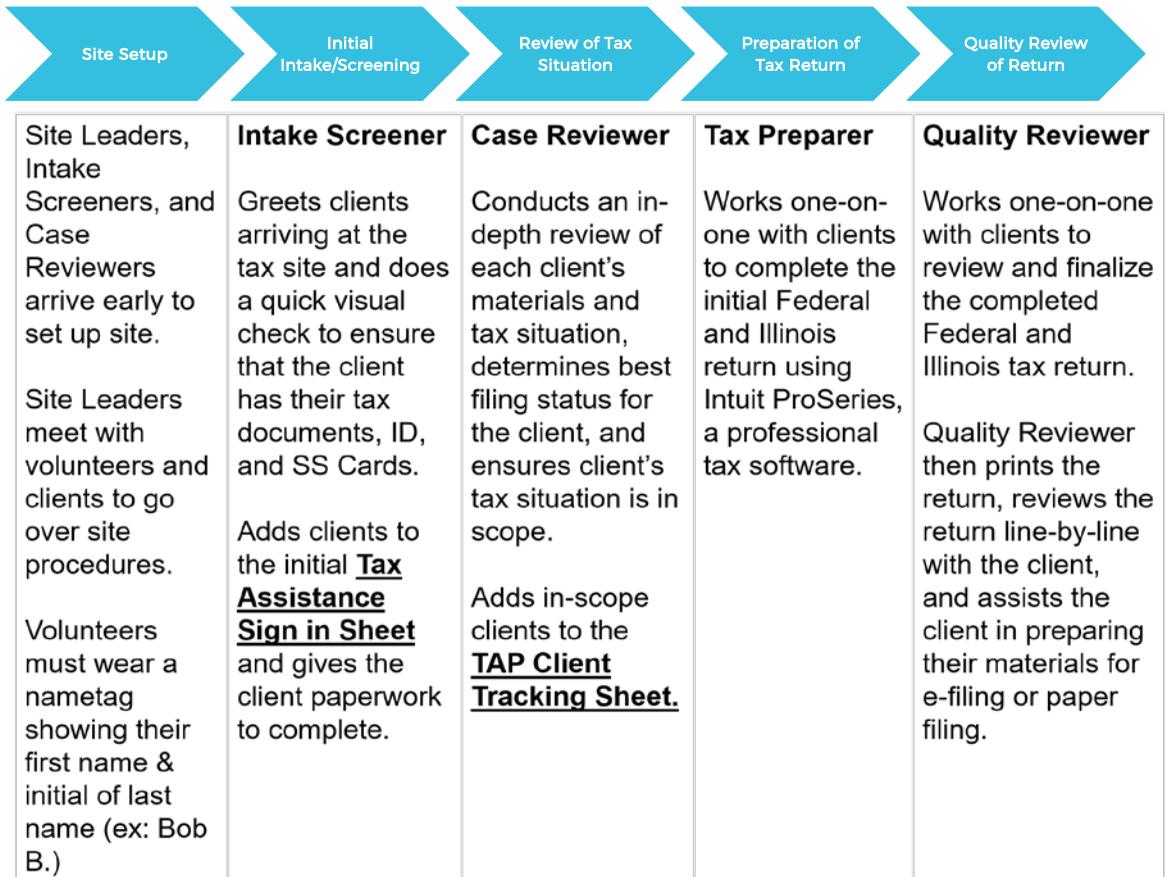
CLIENT INTAKE

Review the Intake Sheet (IRS Form 13614-C) carefully to ensure the client's answers to the questions are clear. If anything is unclear, ask your Site Manager/Leader.

Social Security Cards & Photo ID	A client must bring original Social Security cards (or ITIN letters) for all individuals on the tax return. A client must bring photo ID for themselves and spouse (if applicable). If Married Filing Jointly, BOTH spouses must be present.
Income Guidelines	Households earning up to \$56,000 annually Individuals earning up to \$30,000 annually
Income Documents	A client needs to bring all W-2s and 1099s for jobs they and/or their spouse worked during the tax year, as well as documentation for Social Security payments, unemployment, interest income, and any pensions or retirement income.
Supporting Information	Expenses related to self-employment, also mortgage interest statements, property tax bills, student loan interest, tuition, college expenses, etc.
Rental Income	Ladder Up will not prepare returns for clients with rental - income. Rental income is Out-of-Scope for the VITA program.
Child Care Expenses	An EIN (Employer Identification Number) or SSN (Social Security Number) for the childcare provider is necessary to claim the Child and Dependent Care Expenses Credit.
E-Filing Tax Returns	The client and spouse (if applicable) must sign IRS Form 8879 (IRS e-file Signature Authorization) and IL-8453 (Illinois e-file Signature Authorization) in order to electronically file their tax return.

SITE OPERATIONS

Each tax site has unique qualities, but general operations are the same. Here are some of the standard activities and procedures which all volunteers should follow.



WHAT'S NEW

Below are highlights of some of the notable changes for tax year 2019.

Due Date of Tax Return

The due date for tax year 2019 returns is Wednesday, April 15, 2020

Refund Delays

The IRS will hold the refunds on EITC and ACTC related returns until Feb. 15th. This delay gives the IRS additional time to help prevent revenue lost due to identity theft and refund fraud.

Standard Deduction Increases

The standard deduction for taxpayers who do not itemize deductions on Schedule A has increased. The standard deduction amounts for 2019 are:

- \$24,400 – Married Filing Jointly or Qualifying Widow(er) (increase of \$400)
- \$18,350 – Head of Household (increase of \$350)
- \$12,200 – Single or Married Filing Separately (increase of \$200)

Earned Income Credit (EIC)

For 2019, the maximum credit is:

- \$6,557 with three or more qualifying children
- \$5,828 with two qualifying children
- \$3,526 with one qualifying child
- \$529 with no qualifying children

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

If filing	Qualifying Children Claimed			
	Zero	One	Two	Three or more
Single, HOH, or QW	\$15,570	\$41,094	\$46,703	\$50,162
Married Filing Jointly	\$21,370	\$46,884	\$52,493	\$55,952

The taxpayer also may not have investment income greater than \$3,600 for the year.

ITINs Set to Expire

If a taxpayer, spouse, or dependent has an Individual Taxpayer Identification Number (ITIN) that has not been used on a tax return for Tax Year 2016, 2017, or 2018, it will expire 12/31/2019. Additionally, ITINs with the following middle digits will also expire at the end of the year (12/31/2019).

83, 84, 85, 86, or 87

For example, if a client has the ITIN 9XX-86-XXXX, the ITIN will have to be renewed before the tax return is filed. Ladder Up can assist affected clients in preparing renewal applications. Advise clients to contact us at ITIN@goladderup.org or leave a message at (312) 409-1555 to schedule an appointment.

ITIN's with the middle digits 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, or 81, expired prior to 2019. If clients have an ITIN with these middle digits and if they have not yet renewed the ITIN, follow the same process as in the prior paragraph to have these ITINs renewed. After a client renews their ITIN, the number they need to use will remain the same. The only difference is that the letter they receive will say "renewed" on it, and the client does not need to renew a second time.

Form 1040

Form 1040 has been redesigned (again!) for 2019. The Form 1040 is supplemented with Schedules 1, 2, and 3. These additional schedules will be used as needed to complete more complex tax returns.

There is also a new form 1040-SR, U. S. Income Tax Return for Seniors which is designed for taxpayers 65 and older. The form has increased font size and includes a standard deduction chart. **As in prior years, Ladder Up will use only Form 1040 for TAP clients.**

State of Illinois Updates

- Illinois residents are now required to provide their county of residence.
- Single and Head of Household filing status are now displayed separately on the return.
- Estimated tax payment threshold increased from \$500 to \$1,000.
- The tax year 2019 exemption amount for Illinois is **\$2,275**.

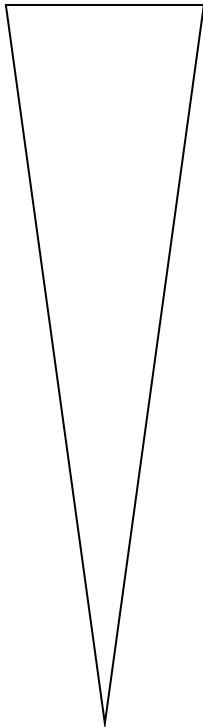
WHO SHOULD FILE A FEDERAL RETURN?

Taxpayers may not know which filing status to use. For the purpose of determining whether a person must file a return, narrowing the choices down to the *most likely* filing status is adequate in most cases. If the taxpayer doesn't know their filing status, use the interview tips in the *TAP Client Intake and Case Reviewer Guide*.

FILING STATUS

Taxpayers must use one of five filing statuses. Filing status impacts the calculation of income tax, affects the amount of the standard deduction, and determines allowance or limitation of certain credits and deductions. More than one filing status can apply to a taxpayer; use the one that will result in the highest standard deduction.

Highest Deduction



Married Filing Jointly

Married living together with or apart from his/her spouse, or if his/her spouse died during the tax year.

Qualifying Widow(er) with a Qualifying Child

Widowed because his/her spouse died during 2017 or 2018, and with a qualifying child.

Head of Household

Unmarried (or considered unmarried*) and pays more than half the cost of maintaining a home with at least one qualifying person.

Single

Unmarried, divorced, widowed, or legally separated according to his/her state of law.

Married Filing Separately

Married and living with, or apart from, his/her spouse

Lowest Deduction

* Spouse did not live in home for last 6 months of the year, qualifying person must be your child who lived in your home >½ year and for whom you can claim an exemption.

Chart A – For Most People Who Must File

If you may be claimed as a dependent by another taxpayer, you must file as a dependent whether you are being claimed or not. See Chart B.

If your filing status is...	AND at the end of 2019 you were...*	THEN file a return if your gross income was at least...**
Single	under 65	\$12,200
	65 or older	\$13,850
Married filing jointly***	under 65 (both spouses)	\$24,400
	65 or older (one spouse)	\$25,700
	65 or older (both spouses)	\$27,000
Married filing separately (see the Instructions for Form 1040)	any age	\$5
Head of household (see the Instructions for Form 1040)	under 65	\$18,350
	65 or older	\$20,000
Qualifying widow(er) (see the Instructions for Form 1040)	under 65	\$24,400
	65 or older	\$25,700

* If you were born on January 1, 1955 you are considered to be age 65 at the end of 2019. (If your spouse died in 2019 or if you are preparing a return for someone who died in 2019, see Publication 501)

** **Gross income** means all income you received in the form of money, goods, property, and services that isn't 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 in 2019 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 Form 1040 Instructions 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, don't reduce your income by any losses, including any loss on Schedule C, line 7, or Schedule F, line 9.

*** If you didn't live with your spouse at the end of 2019 (or on the date your spouse died) and your gross income was at least \$5, you must file a return regardless of your age.

Individuals who do not have a filing requirement based on this chart should also check Chart C, Other Situations When You Must File, and Chart D, Who Should File. Individuals with earned income but who do not have a filing requirement may be eligible for the Earned Income Credit.

Additional information and charts on Filing Status and Dependents are included in the *TAP Client Intake and Case Reviewer Guide* and IRS Publication 4012.

DETERMINATION OF FILING STATUS – INTERVIEW TIPS

Use these interview tips and additional tables in the *TAP Client Intake and Case Reviewer Guide*, and the *Pub4012, page B-8*, to determine Qualifying Person for Head of Household

Filing Status - Interview Tips

Probe/Action: Ask the taxpayer:

<p>step 1</p>	<p>Were you married on December 31 of the tax year?¹ You are considered unmarried if, on the last day of the year, you were legally separated from your spouse under a divorce or separate maintenance decree. State law governs whether you are married or legally separated under a divorce or separate maintenance decree. Individuals who have entered into a registered domestic partnership, civil union, or other similar relationship that is not called a marriage under state (or foreign) law are not considered married. A taxpayer is married regardless of where the spouse lives.</p>	<p>If YES, go to Step 2. If NO, go to Step 4.</p>
<p>step 2</p>	<p>Do you and your spouse wish to file a joint return?</p>	<p>If YES, your filing status is married filing jointly. If NO, go to Step 3.²</p>
<p>step 3</p>	<p>Do all the following apply?</p> <ul style="list-style-type: none"> You file a separate return from your spouse You paid more than half the cost of keeping up your home for the required period of time.¹ Your spouse didn't live in your home during the last 6 months of the tax year.³ Your home was the main home of your child, stepchild, or foster child for more than half the year. Include any individual who would qualify as your dependent except: he or she does not meet the gross income test, does not meet the joint return test, or if you could be claimed as a dependent of another taxpayer. (a grandchild doesn't meet this test) You claim an exemption for the child (unless the noncustodial parent claims the child under rules for divorced or separated parents or parents who live apart) 	<p>If YES, STOP. You are considered unmarried and your filing status is head of household. If NO, STOP. Your filing status is married filing separately.⁵</p>
<p>step 4</p>	<p>Did your spouse die in 2017 or 2018?</p>	<p>If YES, go to Step 5. If NO, go to Step 6.</p>
<p>step 5</p>	<p>Do all the following apply?</p> <ul style="list-style-type: none"> You were entitled to file a joint return with your spouse for the year your spouse died You didn't remarry before the end of this tax year You have a child or stepchild who lived with you all year, except for temporary absences or other limited exceptions, and who is your dependent or who would qualify as your dependent except that: he or she does not meet the gross income test, does not meet the joint return test, or except that you may be claimed as a dependent by another taxpayer. Don't include a grandchild or foster child. You paid more than half the cost of keeping up the home for the required period of time.¹ 	<p>If YES, STOP. Your filing status is qualifying widow(er) with dependent child. If NO, go to Step 6.</p>
<p>step 6</p>	<p>Do both of the following apply?</p> <ul style="list-style-type: none"> You paid more than 1/2 the cost of keeping up your home for the required period of time.¹ A "qualifying person," (see Who Is a Qualifying Person Qualifying You To File as Head of Household? chart), lived with you in your home for more than 1/2 the year.⁴ 	<p>YES – Head of Household NO – Single</p>

Footnotes

- ¹ Include in the cost of upkeep expenses such as rent, mortgage interest, real estate taxes, insurance on the home, repairs, utilities and food eaten in the home. Under proposed regulations, a taxpayer may treat a home's fair market rental value as a cost of maintaining a household instead of the sum of payments for mortgage interest, property taxes and insurance. See "Cost of Keeping Up a Home" worksheet later in this tab.
- ² You are considered unmarried for head of household purposes if your spouse was a nonresident alien at any time during the year and you do not choose to treat your nonresident spouse as a resident alien. However, your spouse is not a qualifying person for head of household purposes. You must have another qualifying person (see Who Is a Qualifying Person Qualifying You To File as Head of Household? chart later in this tab) and meet the other tests to be eligible to file as a head of household.
- ³ Your spouse is considered to live in your home even if he or she is temporarily absent due to illness, education, business, vacation, military service, or incarceration.
- ⁴ You can't use head of household filing status based on any person who is your dependent only because he or she lived with you for the entire year (for example, a companion or a friend).
- ⁵ If filing a MFS return in a community property state, allocate income and expense according to state law. This situation may be treated as Out of Scope.
- ⁶ If your spouse died during the year, you are considered married for the whole year for filing status purposes. If you didn't remarry before the end of the year, you can file a joint return for yourself and your deceased spouse. If you remarried before the end of the tax year, you can file a joint return with your new spouse. In that case, your deceased spouse's filing status is married filing separately for that year.

DEPENDENTS

Each dependent must be entered into the *Federal Information Worksheet, Part III*. Claiming dependents is very important for a number of tax benefits. Dependents are classified as either a qualifying child or a qualifying relative. Spouses are not dependents.

Dependents cannot claim any exemptions for their own dependents.

DETERMINING DEPENDENCY

There are several tests for determining dependency:

1. Dependent Taxpayer Test

In order to claim a dependent, the taxpayer and/or spouse cannot be claimed on someone else's return.

2. Joint Return Test

You can't claim a married person who files a joint return as a dependent unless that joint return is only to claim a refund of income tax withheld or estimated tax paid.

3. Citizen or Resident Test

The dependent must be one of the following:

- U.S. citizen
- U.S. resident alien (for tax purposes)
- U.S. national
- Resident of Canada/Mexico (foreign exchange students do not meet this test)

Exception: For a taxpayer who is a U.S. citizen or U.S. national and has legally adopted a child who is not a U.S. citizen, U.S. resident alien, or U.S. national, this test is met if the child lived with the taxpayer as a member of his household all year. This exception also applies if the child was lawfully placed with the taxpayer for legal adoption.

A dependent is determined to be one of the following based on Relationship, Age, Residency, Support and other specific tests:

- A qualifying child
- A qualifying relative

Additional tables are printed in the *TAP Client Intake and Case Reviewer Guide* and *IRS Publication 4012*.

SUMMARY OF DEPENDENCY REQUIREMENTS

Summary of Dependency Requirements					
Tax Benefit	Age	Relationship	Residency ¹	Support	Other
Dependent - Qualifying Child	<19 (or <24 if a full-time student) and must be younger than the taxpayer; or any age if disabled	Child, stepchild, adopted or foster child, sibling, stepsibling, or descendant of any of these.	Lived 1/2+ year with the taxpayer ³	Child did not provide over 1/2 of their own support for the year.	Child cannot be claimed by another taxpayer as a dependent
Dependent - Qualifying Relative (QOR)	Any age	If unrelated, then must have lived with the taxpayer for the entire year.		Taxpayer provided >1/2 the person's total support for the year	Qualifying Relative's gross income cannot exceed \$4,200 ²
Child Tax Credit	At the end of the tax year, the child must be <17 and also younger than the taxpayer. There is no exception for students or the disabled.	Child, stepchild, adopted or foster child, sibling, stepsibling, or descendant of any of these.	Lived 1/2+ year with the taxpayer ³	Child did not provide over 1/2 of their own support for the year.	Child cannot be claimed by another taxpayer as a dependent; Taxpayers with ITINs can claim this credit, but child must be a U. S. citizen, U. S. national or resident alien of the U.S. with a valid SSN
Credit for Other Dependents	All dependents that do not qualify for the Child Tax Credit provided that they are U. S. citizens, U. S. nationals or resident aliens of the U.S. and does not require a SSN (ITIN is accepted).				
Earned Income Tax Credit (EITC/EIC)	At the end of the tax year, the child must be <19 (or <24 if a full-time student) and must be younger than the taxpayer; or any age if disabled	Child, stepchild, adopted or foster child, sibling, stepsibling, or descendant of any of these.	Lived 1/2+ year with the taxpayer	No support test.	Taxpayer must have lived in the US for at least half of the year and have a SSN. Qualifying child must have a SSN. Cannot be filing MFS.
Child Care Credit	Child must be <13 at the time of the childcare; or any age if disabled	Child, stepchild, adopted or foster child, sibling, stepsibling, or descendant of any of these.	Lived 1/2+ year with the taxpayer	Child did not provide over 1/2 of their own support for the year.	Child care costs must be work-related (paying for costs that enable the taxpayer to work or look for work).

¹Special rules for temporary absence, such as illness, education, business, vacation or military service

²Does not include Social Security Income or, for disabled persons, income from a sheltered workshop

³Special Rules for children of divorced or separated parents

FEDERAL INFORMATION WORKSHEET – PART III CODES

Earned Income Credit (EIC or EITC):

A dropdown menu appears for the type of qualifying child for the Earned Income Tax Credit (EITC). For more information, see the dependency chart on page 14.

E: Qualifying child

H: Qualifying child but also qualifies another person for EITC

S: Student age 19 to 23 and younger than taxpayer (enrolled in college at least part-time)

D: Disabled child age 19 or older

N: Non-qualifying person

Dependent:

Use information on the IRS Form 13614-C, Page 1 – Part II and the determination of dependency chart on page 14 to determine if the taxpayer can claim a person as a dependent.

Code: A dropdown menu appears for the type of dependent

L: Dependent child who lived with client

N: Dependent child who did not live with client due to divorce or separation (remember to apply tiebreaker rules if child lives between two households during the year)

O: Other dependent*

Q: Not a dependent (but is a qualifying person for the EITC and/or the credit for child and dependent care expenses)**

*Other Dependent refers to a Qualifying Relative.

**This is commonly a child who could be claimed as a dependent but for failing the support test, or who was claimed as a dependent by the non-custodial parent under the special rules for children of divorced or separated parents.

For more information about how to enter client information into the Federal Information Worksheet, see the ***ProSeries Tax Manual: Earned Income Tax Credit.***

TAX RETURN PREPARATION CHECKLIST

- **STEP 1.** Ask to see the client's photo ID and SS Cards/ITIN for everyone on the return and check all their paperwork
 - Ensure that the return you are preparing is in scope for the program and within your certification level
 - Look to see that the top of the ProSeries TAP Client Data Sheet was filled in (including site name and date)
 - Look at the IRS Form 13614-C to ensure that all "Unsure" responses in Parts III, IV, or V are corrected to say "Yes" or "No" and that all grey boxes have been completed.
 - Check to see that the Ladder Up Client Agreement has been signed and dated before you prepare the return.

- **STEP 2.** Make sure the computer is connected to the correct Ladder Up network (offline), and open ProSeries for the Tax Year the client wishes to prepare.
 - Start a new client file by going to the top left-hand corner and clicking *File > New Client*.
 - If the client had their return prepared by Ladder Up at a ProSeries site last year, you will **transfer** their file forward. (See *Mini Manual: Transferring Client Files, page 21*)
 - Turn CAPS LOCK on.

- **STEP 3.** Complete the Federal Information Worksheet using Form 13614-C (IRS Intake Sheet).
 - **Part I** – Personal Information (enter names exactly as they appear on Social Security cards or ITIN letters)
 - **Part II** – Filing Status (See *Mini Manual: Filing Status, page 11*). **Note:** Find out if the client was ever married – if they do not have legal paperwork for a separation or divorce, they may still be considered married.
 - **Part III** – Dependents (See *Mini Manual: Summary of Dependency Requirements chart, page 15*). **Note:** Find out if the client lives with anyone else to determine if they truly pay > 50% of household expenses and that no one else can be claimed as a dependent. Be sure to complete all grey boxes on IRS Form 13614-C for all dependents.
 - **Part IV** – Earned Income Tax Credit (EITC) Information – complete the yes/no questions and check any that apply.
 - **Part V** – **SKIP** (If a client file has been transferred from a different tax site, please make sure to change the preparer code from Firm/Preparer Info box. See *Mini Manual: Site Codes, page 38*)

- **Part VI** – Confirm e-file or paper file with the client (only current tax year and one-year-prior returns can be e-filed. Amendments can never be e-filed.)
 - Identity Protection PIN: If taxpayer or spouse has received an Identity Protection PIN, enter their current tax year PIN here
 - Date PIN Entered: If client is e-filing, you will then be prompted to enter today’s date
- **Part VII – SKIP ALL**
- **Part VIII** – Direct Deposit (if applicable, otherwise leave blank).
 - Clients who do not have account information have the option of opening a CFR card
 - If a client wants to split their refund into multiple accounts or purchase US Savings Bonds, quick zoom to Form 8888 from this section.
- **Part IX – SKIP ALL** (Ladder Up does not offer Electronic Funds Withdrawal Options to clients)
- **Part X** – Additional Federal Return Information. Fill in appropriate boxes based on the client’s IRS Form 13614-C
 - Skip down and start with “Education Expenses” (check if client or spouse has qualified education expenses)
 - End after filling in response Yes/No for “Credit for Elderly or Disabled”)
- **Part XI – SKIP ALL** (Ladder Up only prepares state returns for full-year Illinois residents)
- **Part XII – SKIP ALL**

STEP 4. Save the client’s file in the designated site folder on the **Z:** drive, **inside the tax site folder** and **outside of the date folder**, by going to the top left-hand corner and clicking *File > Save Client*.

- If you’re unsure where to save the file, please ask your Site Manager or a more experienced volunteer, or see page 24.
- Continue to save frequently as you work on the file, so that you do not lose any work if the software or computer unexpectedly crashes.

STEP 5. Enter all tax documents provided by the taxpayer. Double check IRS Form 13614-C to make sure all types of income are accounted for. We cannot prepare a return with missing documents.

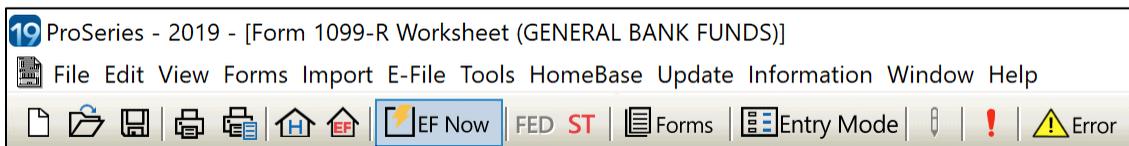
- Use the yellow **“Where Do I Enter?” Cheat Sheet** to find where to enter each tax form into ProSeries.
- Generally, all boxes on tax documents that contain numbers must be entered into ProSeries.
- ProSeries will indicate required fields in red.

- **Note:** If the client has income from another state, ask the Site Manager for further guidance.
- ☐ **STEP 6.** Enter any relevant deductions and credits.
ProSeries automatically calculates most credits and deductions. However, you will have to indicate a taxpayer’s eligibility for certain credits and deductions.
- For a list of credits and deductions that are in scope and how to enter them, refer to the *ProSeries Tax Manual*
 - **Itemized Deductions on Schedule A:** Schedule A is commonly used by taxpayers who own a home and pay real estate taxes. Taxpayers typically know if they itemize and will have proof of all relevant expenses. ProSeries will always take the most advantageous deduction for the taxpayer (standard deduction vs itemized deduction).
- ☐ **STEP 7.** Address all red errors that have populated on the Federal return.
- **Note: Make sure to select “No Taxpayer ID”** on the Identity Verification Worksheet for taxpayer and spouse. We check this information during other parts of the process. Please do NOT enter this information into the client’s return.
 - Refer to the *Mini Manual: Form 8867, page 30*, for help filling out the Paid Preparer’s Due Diligence Checklist.
- ☐ **STEP 8.** Switch over from the Federal to State (Illinois) return by clicking the “ST” button on the top toolbar. Correct any errors that appear.
- **IL Property Tax Credit** - You will have to enter the Property Identification Number (PIN) of the client’s house on Schedule ICR. The PIN is found on the property tax bill or by visiting the County Assessor’s website and entering the client’s address.
 - **IL Use Tax** – Refer to the Supplemental Intake Form or ask the client if they bought anything for use in Illinois on which they did not pay Illinois sales tax. Enter the total amount of untaxed purchases.
 - **K-12 Education Expense Credit** – Enter qualified expenses on Schedule ICR.
- ☐ **STEP 9.** Complete the Tax Preparer section of the ProSeries Client Data Sheet, including the name of the file, your computer number, and your name. The ProSeries file name will default to the first four letters of the taxpayer’s last name and the last four digits of their Social Security number/ITIN.
- ☐ **STEP 10.** Save the client’s file a final time, by going to *File > Save Client* one last time. Check to see that it is saved in the designated site folder on the **Z:** drive, **inside the tax site folder and outside of the date folder.** See page 24.

- ❑ **STEP 11.** Close out of the client’s file by going to the top left-hand corner and clicking *File > Close Client*. The file you just completed preparing cannot be quality reviewed if it is still open on your computer.
- ❑ **STEP 12.** Give the client a BLUE index card to reserve a place in line for the quality review process and have the client return to the waiting area. **DO NOT SHARE THE REFUND OR AMOUNT OWED WITH THE CLIENT.** The Quality Reviewer must first review all the information in the return before sharing this information.

PROSERIES GENERAL HINTS AND TIPS

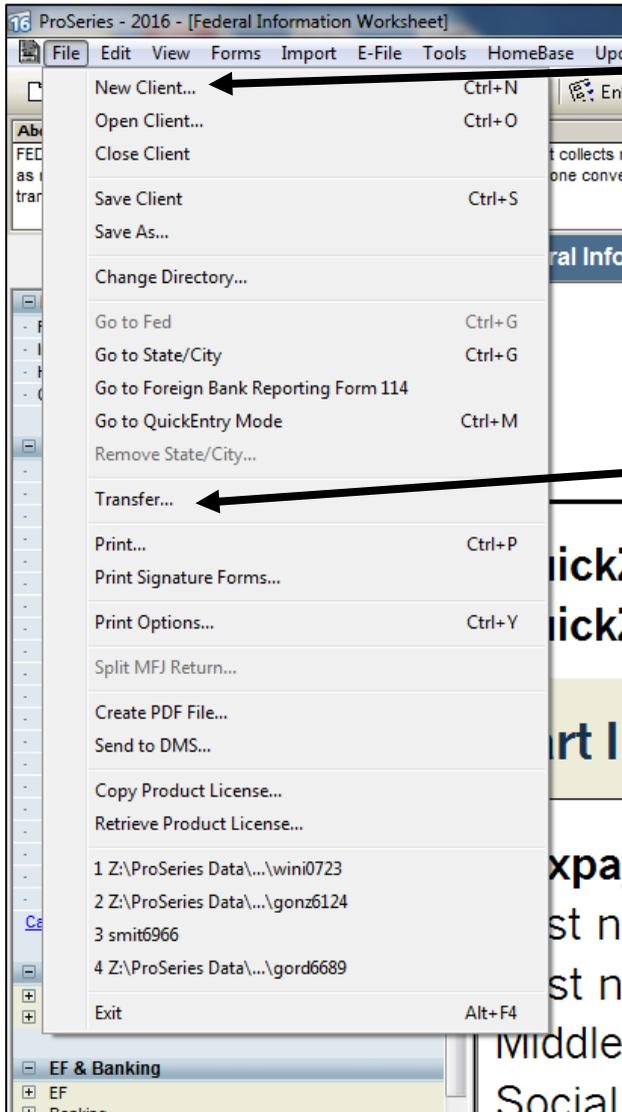
To easily navigate and find any Forms, use the **Forms** button at the top of the client tool the top bar and the printed YELLOW ***Where Do I Enter Cheat Sheet*** at your tax site.



- Press “tab” to move to the next field
- Pink shaded fields must be completed
- Date fields can be filled in as MO/DA/YR (last two digits of the year is sufficient if you type in the slashes between fields)
- When entering an address, enter the Zip Code first and this will auto-populate the City & State
- Enter a form EIN first. If the payer has been entered previously, it will auto-populate

TRANSFERRING CLIENT FILES

Note: you can only transfer forward if the client had their return by a Ladder Up ProSeries tax site last year. For example, you can transfer a 2018 file forward to 2019 but you cannot transfer a 2016 file forward to 2018. See *Mini Manual, page 38* for a list of tax site locations that will carry forward in ProSeries.

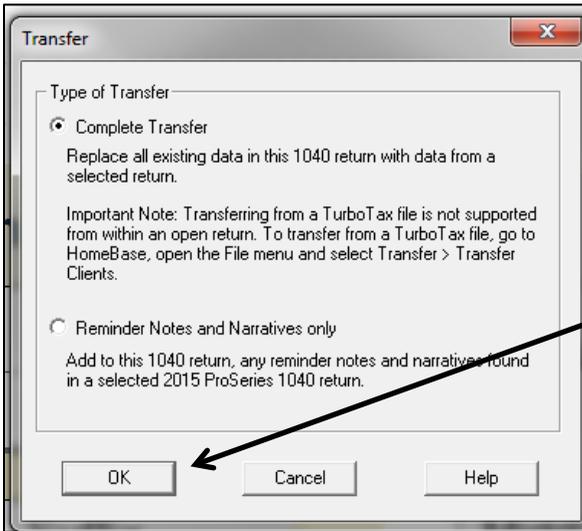


Step 1: Before transferring files, you **must** first open a new file by clicking File > New Client.

You will be presented with a new, blank screen.

If this is not done, you will overwrite existing client information.

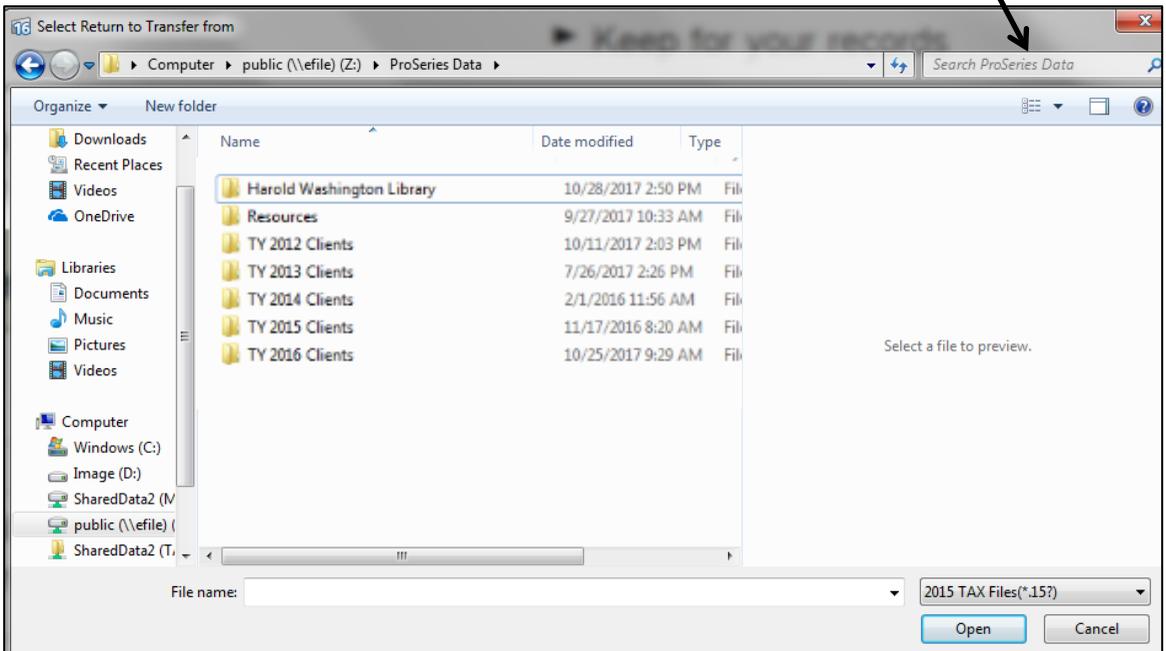
Step 2: Select File > Transfer



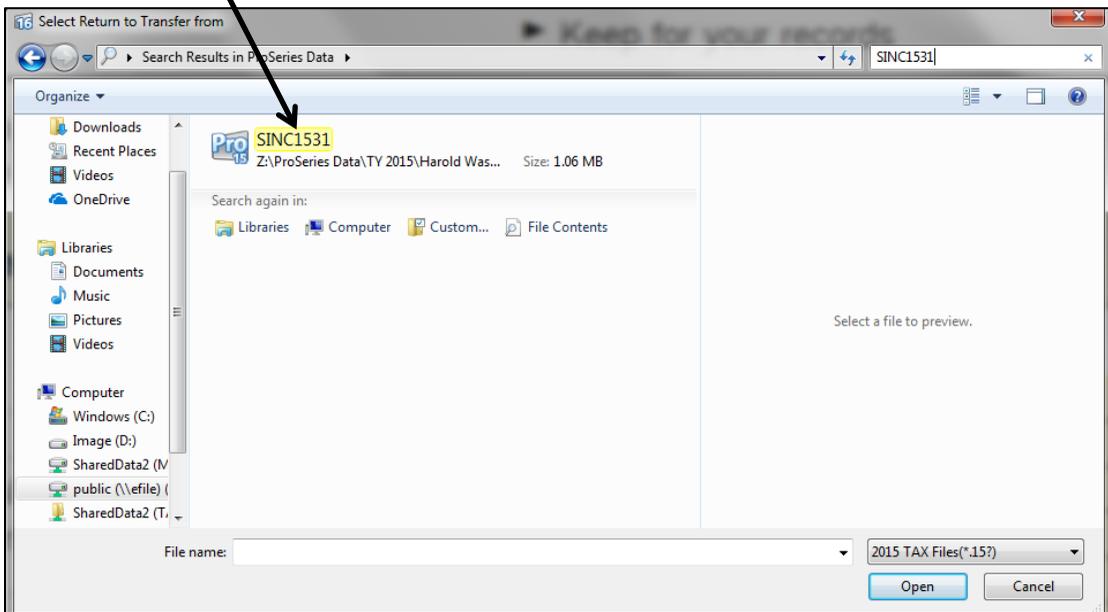
Step 3: When the next screen is presented with **“Complete Transfer”** selected, click **“OK”**.

Step 4: Search for the file name of the client which is always in the same format – first four letters of the Last name + last four digits of the Social Security Number or ITIN

e.g. SINC1531



Step 5. If the client was served by Ladder Up, their file will appear. Click on the file and click “Open.”

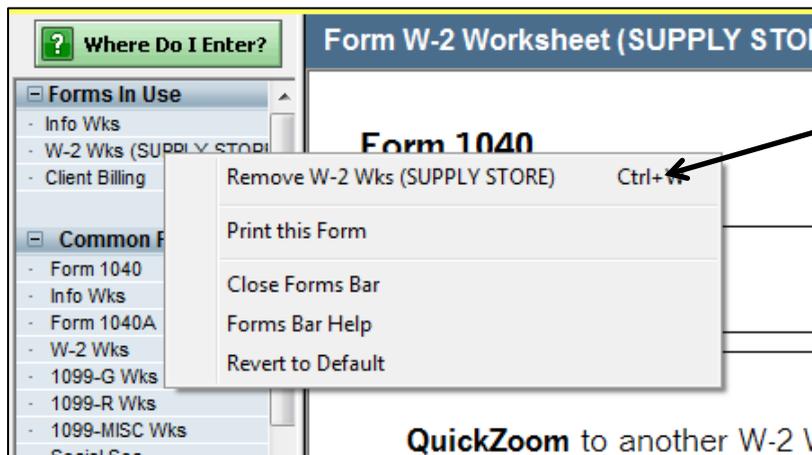


Step 6: The client’s Federal and State Information Worksheet that is being carried forward from the previous year return will populate into the return in a lighter blue-green shade. Anything new or changed text will appear in a darker blue shade.

- Check the client’s first name, last name, and middle initial and their Social Security Number/ITIN to ensure you have transferred forward the correct client file.
- As you check through the client’s tax documents, make sure to **remove any tax documents that carried forward that are no longer relevant in the current year** (for example, if the client switched jobs, remove the W-2 that no longer applies)

Federal Information Worksheet	
Part I – Personal Information	
Taxpayer:	
Last name	SMITH
First name	TANYA
Middle initial	Suffix
Social security no.	***-**-2928
Occupation	OFFICE ASSISTANT
Date of birth	**/**/1961 (mm/dd/yyyy)
Age as of 1-1-2020	58
Date of death	
Legally blind	<input type="checkbox"/>
E-mail address	TSMITH@EMAILADDRESS.COM
Work phone	Ext
Cell phone	(312) 466-0771
Home phone	

Step 7. If necessary, a form can be removed by *right-clicking over the form* in the “Forms in Use” Bar on the left-hand side, and selecting “Remove this Form”.



SAVING CLIENT FILES TO Z:\ DRIVE

Once you have entered the client’s information (name, address, SSN/ITIN, etc.) make sure to save their return. ProSeries is a desktop client and **the file will not save automatically**. Please remember to save the file periodically so that any work you have done is saved in case the computer has any issues.

When you save for the first time, make sure you are saving **inside the tax site folder** and **outside of the date folder**.

- You must save your client filed inside the Site Location Folder (ex: Loop/Harold Washington Library).
- Do NOT Save inside of any date folder (ex: 04.15.2020)

Current and prior-year returns should all be saved to the same location (within the Site Location Folder). The icon and file type will indicate the tax year.

When you are finished preparing or reviewing a return, make sure you **save** the client’s file a final time (*File > Save Client*) **and then close** the file (*File > Close Client*).

DEDUCTIONS

On line 9 of the Form 1040, taxpayers may claim either the standard deduction or they may opt to itemize their deductions. The vast majority of Ladder Up clients will benefit most from claiming the standard deduction.

ProSeries will automatically calculate and apply if itemizing leads to a higher refund.

STANDARD DEDUCTION

If the total of all the client's itemized deductions is less than the standard deduction, you will choose to use the standard deduction. The basic standard deduction is a reduction to adjusted gross income that varies according to filing status.

In some cases, the standard deduction can consist of two parts, the basic standard deduction and additional standard deduction for age or blindness or both.

The additional amount for age will be allowed if the taxpayer is **age 65** or older at the end of the tax year. A taxpayer who reaches age 65 on January 1st of any year is deemed to have reached that age on the preceding December 31st.

The additional amount for **blindness** will be allowed if the taxpayer is blind on the last day of the tax year. A certified statement from a doctor or registered optometrist will be required in order for a legally-blind taxpayer to claim the additional deduction amount.

Date of death	<input type="checkbox"/>
Legally blind	<input type="checkbox"/>

If the client is legally blind, mark the box under their personal information in Part I of the Federal Information Worksheet

DEDUCTIONS (Cont.)

Certain individuals are not entitled to the standard deduction:

- A married individual whose filing status is Married Filing Separately whose spouse itemizes deductions (unless one spouse qualifies to file as Head of Household)
- An individual who was a nonresident alien or dual-status alien during any part of the year (which is Out-of-Scope)

Standard Deduction Amounts*

Additional Deduction for Taxpayers who are 65 and Older or are Blind

For 2019, the additional standard deduction for taxpayers who are 65 and older or blind is:

- \$1,650 – Single or Head of Household
- \$1,300 – Married taxpayers or Qualifying Widow(er)

For taxpayers who are both blind and age 65 or over use double the above amount.

Filing Status	Standard Deduction	Additional Amount
Single	\$12,200	\$1,650
Married Filing Jointly	\$24,400	\$1,300
Married Filing Separately	\$12,200	\$1,300
Head of Household	\$18,350	\$1,650
Qualifying Widow(er)	\$24,400	\$1,300

*Do not use this chart if someone else can claim an exemption for the taxpayer (or their spouse if married filing jointly).

ITEMIZED DEDUCTIONS

Itemized deductions are certain expenses that a taxpayer can use to lower his taxable income. **Itemized deductions are entered on Schedule A.**

Deductions that can be itemized include (taxpayer must have a receipt or form of proof for each):

- Medical and dental expenses (if in excess of 10% of the taxpayer's adjusted gross income)
- State and local income taxes and Real estate taxes and personal property taxes capped at \$10,000
- Charitable contributions
- Home mortgage interest



Itemized Deductions that are Out-of-Scope:

- Casualty in Presidentially declared disaster areas
- Investment interest
- Form 1098-C, Contributions of Motor Vehicles, Boats and Airplanes
- Taxpayers affected by limits on charitable deductions
- Taxpayers that file Form 8283 to report noncash contributions of more than \$500
- If the taxpayer is donating property that was previously depreciated
- If the taxpayer is donating capital gain property

CREDITS

Tax credits are dollar-for-dollar reductions that decrease a taxpayer's tax liability. There are two types of tax credits – nonrefundable and refundable. For a more complete list of credits and step-by-step instruction on how to enter the client's information into ProSeries, see the ***ProSeries Tax Manual***.

Nonrefundable Credits

Nonrefundable credits can only reduce tax liability – they cannot result in a refund.

Example: *If a taxpayer's tax liability is \$400 and the taxpayer qualifies for a \$500 Credit for Other Dependents, the taxpayer **will not** receive a \$100 refund because the Credit for Other Dependents is nonrefundable.*

Common Nonrefundable Credits

- Credit for Child and Dependent Care Expenses
- Retirement Savings Contribution Credit
- Child Tax Credit
- Credit for Other Dependents
- Credit for the Elderly or the Disabled
- Education Credits (Lifetime Learning Credit; American Opportunity Credit is partially nonrefundable)

Refundable Credits

Example: *If a taxpayer has a tax liability of \$400 and qualifies for a \$500 EITC, the taxpayer **will** receive a \$100 refund because the EITC is a refundable credit.*

Common Refundable Credits

- Earned Income Tax Credit
- Additional Child Tax Credit
- Premium Tax Credit
- American Opportunity Credit (which is partially refundable)

EARNED INCOME TAX CREDIT (EITC)

Earned income and adjusted gross income (AGI) must be less than:

If filing	Qualifying Children Claimed			
	Zero	One	Two	Three or more
Single, HOH, QW	\$15,570	\$41,094	\$46,703	\$50,162
Married Filing Jointly	\$21,370	\$46,884	\$52,493	\$55,952

Maximum credit for tax year 2018:

- \$6,557 with three or more qualifying children
- \$5,828 with two qualifying children
- \$3,526 with one qualifying child
- \$529 with no qualifying children

There are restrictions on EIC claims by taxpayers for whom a previous EIC claim was denied or reduced due to any reason other than a math or clerical error. For example, a taxpayer who was determined to have claimed the EIC due to reckless or intentional disregard of the EIC rules may have a ban imposed for two years. If the error was due to fraud, then the taxpayer cannot claim the EIC for 10 tax years. Ask taxpayers if they have ever been denied the EIC. If so, you must file Form 8862, Information to Claim Certain Credits After Disallowance, with the tax return the first time that the taxpayer claims the credit after being disallowed. (*Note:* This same form is also used if the AOTC, CTC, ACTC, or ODC were disallowed in a previous year.)

Note:

Individual Taxpayer Identification Numbers (ITINs) and Adoption Taxpayer Identification Numbers (ATINs) cannot be used when claiming the EITC. If a couple is filing a joint return, both spouses and all qualifying children must have valid Social Security numbers to qualify for the EITC.

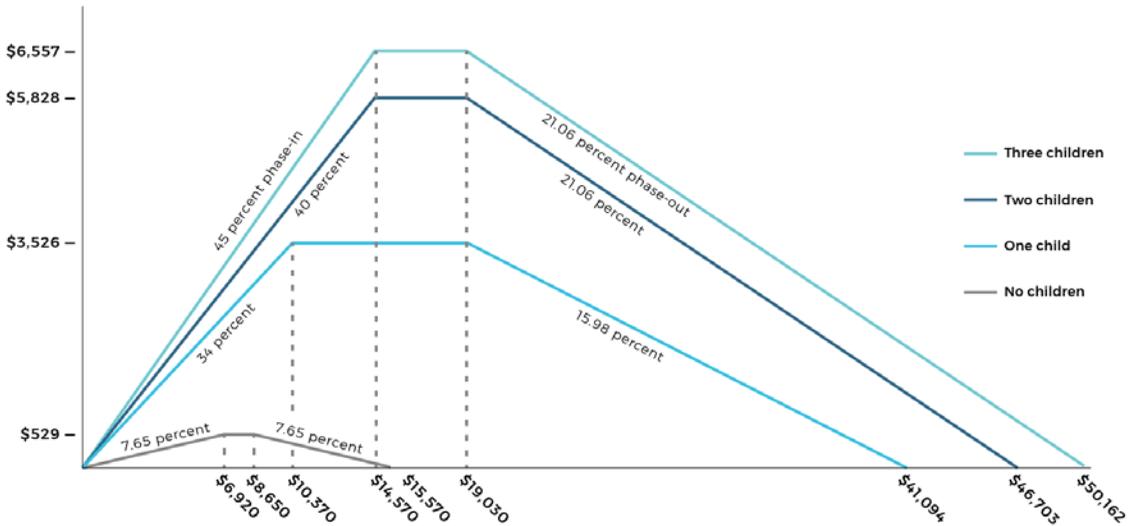
EARNED INCOME TAX CREDIT (Cont.)

Chart of EITC Benefits

Earned Income Tax Credit

2019

Credit Amount



Source: TPC EITC Parameters, <https://www.taxpolicycenter.org/statistics/eitc-parameters>

Note: Assumes all income comes from earnings. The information in this graph depicts EITC income and credit limitations for taxpayers filing a single or head-of-household tax return.

** The information in this graph depicts EITC income and credit limitations for both single and head-of-household filers.

The information in this graph depicts EITC income and credit limitations for both single and married filers.

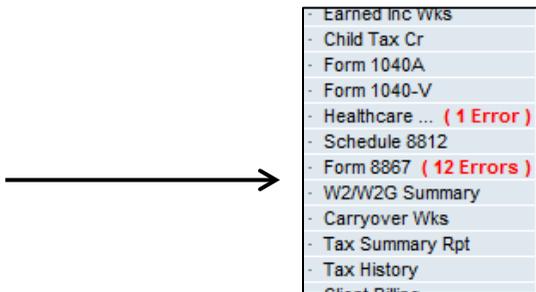
FORM 8867 – PAID PREPARER’S DUE DILIGENCE CHECKLIST

While Ladder Up is not a paid preparer, within ProSeries, the organization is coded as one so that its IRS-issued Site Identification Number (SIDN) will appear on all returns. As such, the Paid Preparer’s Due Diligence Checklist (Form 8867) will appear for all clients receiving the EIC, CTC/ACTC/ODC, or AOTC and **preparers must complete all required questions on the form or else the return will be rejected when e-filed.**

Since Ladder Up is a VITA program, the responses to these questions don't impact the client's return after it is received by the IRS. Ladder Up undergoes its own due diligence requirements with the IRS through site visits, etc.

Instructions for the Paid Preparer's Due Diligence Checklist (Form 8867)

1. When a client qualifies for the Earned Income Credit, Child Tax Credit, or American Opportunity Tax Credit, or Head of Household, Form 8867 will automatically populate.



2. Clear all relevant errors by answering the questions presented on the form.

Form 8867 (Copy 1): Preparer's Due Diligence Checklist	
Please check the appropriate box for the credit(s) and/or HOH filing status claimed on the return and complete the related Parts I-V for the benefit(s) claimed (check all that apply).	
<input checked="" type="checkbox"/> EIC <input type="checkbox"/> CTC/ACTC/ODC <input type="checkbox"/> AOTC <input type="checkbox"/> HOH	
1 Did you complete the return based on information for tax year 2019 provided by the taxpayer or reasonably obtained by you?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2 If credits are claimed on the return, did you complete the applicable EIC and/or CTC/ACTC/ODC worksheets found in the Form 1040, 1040SR, 1040NR, 1040PR, or 1040SS instructions, and/or the AOTC worksheet found in the Form 8863 instructions, or your own worksheet(s) that provides the same information, and all related forms and schedules for each credit claimed?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
3 Did you satisfy the knowledge requirement? To meet the knowledge requirement, you must do both of the following. <ul style="list-style-type: none"> • Interview the taxpayer, ask questions, and contemporaneously document the taxpayer's responses to determine that the taxpayer is eligible to claim the credit(s) and/or HOH filing status. • Review information to determine that the taxpayer is eligible to claim the credit(s) and/or HOH filing status and to compute the amount(s) of any credit(s) 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

3. Most responses will be "yes" as this form is meant to serve as a record that the taxpayer went through an interview process.

Exceptions include:

<p>4 Did any information provided by the taxpayer or a third party for use in preparing the return, or information reasonably known to you, appear to be incorrect, incomplete, or inconsistent? (If 'Yes,' answer questions 4a and 4b. If 'No,' go to question 5.).....</p> <p>a Did you make reasonable inquiries to determine the correct, complete and consistent information?</p> <p>b Did you contemporaneously document your inquiries? (Documentation should include the questions you asked, whom you asked, when you asked, the information that was provided, and the impact the information had on your preparation of the return.)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>5 Did you satisfy the record retention requirement? To meet the record retention requirement, you must keep a copy of your documentation referenced in 4b, a copy of this Form 8867, a copy of any applicable worksheet(s), a record of how, when, and from whom the information used to prepare Form 8867 and any applicable worksheet(s) was obtained, and a copy of any document(s) provided by the taxpayer that you relied on to determine eligibility for the credit(s) and/or HOH filing status or to compute the amount(s) for the credit(s)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

4. Most responses will be “yes” as this form is meant to serve as a record that the taxpayer went through an interview process. (Answer “yes” to Questions # 1-3, #6-9 [answer NA to question 8 if no Schedule C], and #15)

Ladder Up is part of the IRS Volunteer Income Tax Assistance (VITA) program and is therefore not required to retain records.

<p>15 Do you certify that all of the answers on this Form 8867 are, to the best of your knowledge, true, correct and complete?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
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POSTSECONDARY EDUCATION BENEFITS

POSTSECONDARY EDUCATION BENEFIT TABLE			
	American Opportunity Credit	Lifetime Learning Credit	Student Loan Interest
Maximum credit or benefit	Up to \$2,500 credit per eligible student	Up to \$2,000 credit per eligible student	Up to \$2,500 adjustment to income per tax return
Refundable or nonrefundable	Up to 40% can be refundable ¹	Not refundable.	Does not apply. Student Loan Interest Deduction
Number of tax years credit is available	Available ONLY for 4 tax years per eligible student (including any year(s) Hope credit was claimed.	Available for an unlimited number of tax years	Available for an unlimited number of tax years
Number of years of postsecondary education	Available ONLY if the student had not completed the first 4 years of postsecondary education before 2019	Available for all years of postsecondary education and for courses to acquire or improve job skills	Was enrolled at least half time in a program leading to a degree, certificate or other recognized credential
Qualified Expenses	Tuition, required enrollment fees, books, and course materials needed for course of study	Tuition and fees required for enrollment or attendance	The loan must have been used to pay tuition, fees, books, course materials, room & board, transportation
Required to attend at least half time?	Yes, for at least one semester or quarter	No	Yes
Felony drug conviction?	No felony drug conviction	Does not apply	Does not apply
If you are the taxpayer.	You, your spouse, or the student is someone you claim as a dependent on your return		The taxpayer must be legally liable for the loan, which must have been taken out by the taxpayer
If you are a dependent student.	You cannot claim the credit if you are claimed as a dependent on someone else's return However, if a student can be claimed, but is not, the student can claim the benefit		A person claimed as someone else's dependent cannot claim the deduction for that tax year
Who can claim this tax benefit?	If you are filing Married Filing Separately, you cannot claim this tax benefit		

¹ Special rules apply for students who could have been claimed as a dependent but were not.

EINs for COLLEGES AND UNIVERSITIES

School Name	EIN	School Name	EIN
Adler University	36-2515281	Le Cordon Bleu College of Culinary Arts-Chicago	36-4302828
American Academy of Art	36-3778690	Loyola University Chicago	36-1408475
American Islamic College	36-3171297	MacCormac College	36-2581098
Argosy University-Chicago	36-2855674	Midwest College of Oriental Medicine-Chicago	36-3414252
Aurora University	36-2166964	Midwestern Career College	36-4294100
Aveda Institute-Chicago	27-0866903	Moody Bible Institute	36-2167792
Benedictine University	36-2722198	Morton College	36-2615274
Chicago State University	36-2580815	National Latino Education Institute	36-2755187
City Colleges of Chicago-Harold Washington	36-2606236	National Louis University	36-2167804
City Colleges of Chicago-Harry S Truman	36-2606236	Northeastern Illinois University	36-6009515
City Colleges of Chicago-Kennedy-King	36-2606230	North Park University	36-1557840
City Colleges of Chicago-Malcolm X	36-2606236	Northwestern College-Chicago Campus	36-2446011
City Colleges of Chicago-Olive-Harvey C	36-2606236	Northwestern University	36-2167817
City Colleges of Chicago-Richard J Daley	36-2606236	Oakton Community College	36-2681999
City Colleges of Chicago-Wilbur Wright	36-2606236	Paul Mitchell the School-Chicago	38-3362779
Columbia College-Chicago	36-6112087	Robert Morris University Illinois	37-0864020
Concordia University-Chicago	36-2191242	Roosevelt University	36-2167854
Corfiva Institute-Chicago	36-3250910	Rush University	36-2174823
Coyne College	36-2811784	Saint Augustine College	36-3108821
DePaul University	36-2167048	Saint Xavier University	36-2177133
DeVry University-Illinois	36-2781982	School of the Art Institute of Chicago	36-2167725
Dominican University	36-2167855	The Illinois Institute of Art-Chicago	19-6367822
East-West University	39-1353508	The John Marshall Law School	36-2371220
Elgin Community College	36-2600170	Tribeca Flashpoint College	20-8026798
Elmhurst College	36-2169145	Tricoci University of Beauty Culture-Chicago NE	56-2384225
Erikson Institute	36-2593545	Tricoci University of Beauty Culture-Chicago NW	56-2384225
Illinois Institute of Technology	36-2170136	Triton College	36-2537114
Judson University	36-2515868	University of Chicago	36-2177139
Kendall College	33-1202243	University of Illinois at Chicago (UIC)	37-6000511
Lake Forest College	36-2167770	Waubensee Community College	36-2990533

PREMIUM TAX CREDIT

If a client has received Advanced Premium Tax Credit (APTC) it will be reported on Form 1095-A. Information entered into the Form 1095-A worksheet will automatically flow into Form 8962 in ProSeries.

Form 8962 reconciles the amount of Premium Tax Credit (PTC) that the client is eligible to receive with the Advanced Premium Tax Credit (APTC) received throughout the year. If the APTC is more than the eligible amount, the difference will appear in the payments section of the Form 1040, Schedule 3, Line 9.

If APTC payments were greater than the PTC calculated on Form 8962, the client must repay all or part of the excess advanced premium tax credit, and the repayment amount will appear in Form 1040, Schedule 2, Line 2.

If a person receives APTC, they must file a tax return!

Reasons that the client may have to pay back part of their Advanced Premium Tax Credit:

- Errors in estimating a dependent's income
- Incorrect Form 1095-A
- Change in filing status
- Change in household size

Remind and encourage taxpayers to report their changes to Marketplace mid-year!
(<https://www.healthcare.gov/>)

SAVE YOUR REFUND

The current interest rate for US Series I Bonds purchased before May 1, 2020 **is 2.22%**.

Clients will need to split their refund (use *Form 8888, Direct Deposit of Refund to More Than One Account*) and invest in increments of \$50, up to a maximum of \$5,000.

If a client uses Form 8888 to split their refund, and puts at least \$50 into a savings vehicle (i.e. savings account, retirement account, savings bonds, prepaid card (including CFR Card)), or purchases US Treasury savings bond, they are also eligible to participate in the national SaveYourRefund Contest to win a \$100, or a \$10,000 Grand Prize.

If the client does not have a bank account (or access to their account information), they can also open a **CFR/US Bank Focus Pre-Paid Card** at any tax site.

SCHEDULE C

Schedule C is used to report income from a business or profession operated as a sole proprietor or independent contractor. Taxpayers with amounts in Box 7 of Form 1099-MISC need to complete Schedule C in order to report cash income and calculate possible self-employment taxes. See the *ProSeries Tax Manual: Schedule C* for a more complete list of Out-of-Scope scenarios and step-by-step instructions of how to enter this type of income into ProSeries.

The following Schedule C issues are Out-of-Scope for Ladder Up:

- Businesses with inventory
- Business expenses that total over \$25,000 or client had a net loss from business
- Client used an accounting method other than cash
- Client is claiming business use of the home deduction
- Client sold their business
- Client is required to file Form 4562, Depreciation and Amortization
- Client engaged in hobby or not-for-profit activities that generated income
- All car or truck deductions must be determined using the standard mileage rate. No other vehicle operating expenses are allowed for taxpayers using the standard mileage rate method.

Make sure to link and enter all contractor or business income for the same type of work onto the same Schedule C. (For example, a client that is a Driver who worked for both Lyft and Uber should have all income related to both jobs entered on one Schedule C for Driver.)

VITA/TCE sites (including Ladder Up) are only allowed to process returns using Standard Mileage. If the actual expenses were used in any prior year for this vehicle or if the taxpayer wishes to use actual expenses this year, he must be referred to a commercial preparer. **The standard mileage rate can only be chosen if it was selected in the first year that the vehicle was used for business purposes.**
Standard Mileage Rate for 2019: 58 cents per mile

To add Car and Truck expenses to a Schedule C, click on **Box 9: Car and truck expenses** to open a Car-Truck Worksheet.

Other Additional Vehicle Expenses that can be added to the Car-Truck Worksheet:

- **Line 26a of Car-Truck Worksheet** – Business related parking fees, tolls, etc.
- **Line 26d of Car-Truck Worksheet** – Interest on Vehicle/Auto Loan (the business portion of the auto loan interest can be included)

BANK ROUTING NUMBERS*

CFR Card (Pre-Paid US Bank) Routing Number: 071004200

Bank	Routing Number	Location
Archer Bank	071004530	Chicago, IL
Associated Bank	071925855	Illinois
Banco Popular / Popular Community	071924458	Illinois
Bank of America	081904808	Illinois
BMO Harris Bank	071025661	Illinois
Charter One Bank	241070417	Illinois
Chase Bank	071000013	Chicago, IL
Chicago Community Bank	071004158	Chicago, IL
Citibank	271070801	Illinois
Community Savings Bank	271070681	Chicago
Consumers Credit Union	271989950	Waukegan, IL
Credit Union One	271188081	Illinois
Fifth Third Bank	071923909	Chicago, IL
First American Bank	071922777	Elk Grove Village, IL
First Midwest Bank	071901604	Itasca, IL
Great Lakes Federal Credit Union	271992219	Illinois
Guaranty Bank	071974408	Illinois
Illinois Service Federal	271070924	Chicago, IL
Lakeside Bank	071001504	Illinois
Marquette Bank	071004284	Chicago, IL
MB Financial Bank	071001737	Chicago, IL
North Community Bank	071002707	Chicago, IL
NorStates Bank	071923378	Waukegan, IL
North Community Bank	071001533	Chicago, IL
North Side Federal Credit Union	271081599	Chicago, IL
Northbrook Bank and Trust Co.	071926184	Northbrook, IL
Pacific Global Bank	071006774	Chicago, IL
Pan American Bank	071006868	Chicago, IL
Parkway Bank and Trust Co.	071908160	Harwood Heights, IL
PNC Bank	071921891	Illinois
Seaway National Bank	071001216	Chicago, IL
Self-Help FCU Chicago Division	271071279	Cicero, IL
South Side Federal Credit Union	071093295	Chicago, IL
TCF National Bank	271972572	Illinois
Urban Partnership Bank	071004226	Chicago, IL
US Bank	071904779	Northern Illinois
USAA Federal Credit Union	314074269	Illinois
West Suburban Bank	71923349	Illinois

*This list is only for bank accounts opened in Illinois

IL COUNTY LIST

City	County	City	County
Addison	DuPage County	Lisle	DuPage County
Andres	Will County	Manhattan	Will County
Arlington Heights	Cook County	Naperville	DuPage County
Aurora	Kane County	New Lenox	Will County
Bloomington	DuPage County	North Aurora	Kane County
Blue Island	Cook County	North Chicago	Lake County
Calumet Heights	Cook County	Oak Brook	DuPage County
Calumet Park	Cook County	Oak Lawn	Cook County
Chicago	Cook County	Orland Park	Cook County
Chicago Heights	Cook County	Oswego	Kendall County
Crest Hill	Will County	Plainfield	Will County
Darien	DuPage County	Preston Heights	Will County
Des Plaines	Cook County	Rockford	Winnebago County
Downer's Grove	DuPage County	Romeoville	Will County
Elburn	Kane County	Schaumburg	Cook County
Elgin	Kane County	South Elgin	Kane County
Elmhurst	DuPage County	Springfield	Sangamon County
Evanston	Cook County	St. Charles	Kane County
Fairmont	Will County	Sugar Grove	Kane County
Frankfort	Will County	Tinley Park	Cook County
Gages Lake	Lake County	Vernon Hills	Lake County
Geneva	Kane County	Villa Park	DuPage County
Glendale Heights	DuPage County	Waukegan	Lake County
Grayslake	Lake County	West Chicago	DuPage County
Harvey	Cook County	West Dundee	Kane County
Hinsdale	DuPage County	Wheaton	DuPage County
Homewood	Cook County	Williamsburg Green	Kane County
Joliet	Will County	Willowbrook	DuPage County
Kaneville	Kane County	Wilton Center	Will County
Libertyville	Lake County	Yorkville	Kendall County

SITE CODES

If a client was prepared at a Ladder Up tax site using ProSeries during the previous year, please use the **transfer client feature (page 21)** to carry the client information forward into the current tax year return. The Site Code from the previous year will also carry forward. If the client is being prepared at the same site, no changes need to be made. If a client is prepared at a different tax site, the Site Code in the Federal Information Worksheet, Part V, must also be updated.

ProSeries Transfer Client	Tax Site Location	Site Code	Client Appointments Available
	Auburn Gresham - CPL Thurgood Marshall	40	
	Aurora - Waubensee College	41	Wed
Yes	Austin - CPL Austin	14	
	Brighton Park - Greater Chicago Food Depository	35	
	Bronzeville - CPL Chicago Bee	37	
Yes	Cicero - Unity Junior High School	24	
Yes	Dunning - Wright College	23	
	Elgin - Judson University	42	Wed
Yes	Englewood - Kennedy-King College	10	
	Evanston - Evanston Public Library	30	
Yes	Hermosa - WIC Diversey	1	
Yes	Humboldt Prk - CPL Richard M Daley	4	
Yes	Little Village - WIC Kedzie	18	Sat
Yes	Logan Square - WIC Armitage	20	Sat
Yes	Loop - CPL Harold Washington	15	
Yes	Melrose Park - OLMC - Casa Esperanza	22	
	North Lawndale - UCAN	38	
	Pilsen - Benito Juarez	39	
Yes	Plainfield - Township Community Center	8	
Yes	Pullman - Olive-Harvey College	7	
	Southland - Bloom Township	31	
	Springfield - Family Services	32	
Yes	TAP Mobile	29	
	Uptown - Truman College	36	
	Waukegan - Catholic Charities	33	Tues/Thurs

FREQUENTLY ASKED CLIENT QUESTIONS

Why can't I file as head of household?

For most people who ask this question, the answer is because they have no dependents. Clients think that because they maintain their own property, they can file HOH but that is only true for clients with dependents that live with them and that they support financially. If they do not have dependents, then they CANNOT be HOH.

Why can't I file as single if I am separated from my spouse?

A client **cannot** file as single unless they are **legally** separated or **legally** divorced from their spouse. Taxpayer filing status is based on their marital status on the last day of the tax year. It doesn't matter if they don't live together or if the client hasn't heard from their spouse in years.

Why do I need my spouse's SSN when I am filing separate from them?

Although your client is filing separate from their spouse, in order for us to e-file the return, we need the spouse's Social Security number or else the return will be rejected. If your client doesn't have their spouse's SSN, you can still prepare the return but it will have to be a paper file (meaning the client will have to mail in the return).

Why do I owe the government money?

The reason why a client might have a balance due on their return is because they did not pay enough taxes to cover their tax liability. The most common reason why people owe is because not enough taxes were withheld from their paycheck. You can recommend that your client speak to Human Resources at their job to make sure their withholdings information is correct as submitted on Form W-4. You can print Form W-4 from ProSeries and help the client complete them. IL W-4 Forms should be in the site binder or can be printed online.

A common reason why clients owe is because they are independent contractors/self-employed. When someone is considered self-employed, that person is responsible for paying all taxes – they have no employer who is contributing. You can recommend to your client that they make estimated payments to the IRS and state if they decide to continue being an independent contractor so that they don't have a balance due at tax time. They can contact the IRS and the Illinois Department of Revenue to set up quarterly payments.

Why didn't I get the EIC this year when I got it another year?

The difficult thing about the EIC is that there is a sweet spot in order for a client to receive it. Your client cannot make too much or too little or else they may not qualify for the credit. If they received the credit last year, you might ask if their circumstances changed (i.e. they made more or less money, one of their children is no longer a qualifying child for the credit, etc.). Remember that if a client has an ITIN or is filing as Married Filing Separately, they are not eligible for the EIC.

Why didn't I get any of the education credits?

There are two main reasons why someone didn't receive an education credit: if they are filing MFS or if they already have an undergraduate degree. The other factor is what amount, if any, the person paid out of pocket for qualified education expenses. If a student's qualified expenses

are covered by grants or scholarships and the student paid nothing out of pocket, then the student is not eligible for an education credit.

Why didn't my donations/medical bills make a difference on my tax return?

The only way that donations or medical bills can make a difference on a client's return is if that the client's total itemized deductions exceeds the standard deduction. The vast majority of TAP clients take the standard deduction because they do not have enough in itemized deductions. Only certain items can go onto Schedule A, which shows all itemized deductions – common examples are medical bills (the amounts exceeding 10% of adjusted gross income), and charitable contributions.

Can I claim my non-citizen parents who live in Mexico?

Clients can claim their non-citizen parents living in Mexico or Canada on their tax return if they provide more than half of the financial support for the parents, if each parent had less than \$4,150 of gross income, and if each parent has an Individual Taxpayer Identification Number (ITIN). Keep in mind that Mexico and Canada are the ONLY countries for which this situation is allowed.

Why were my social security benefits taxed?

Social security benefits can be taxed if the taxpayer also received substantial income from other sources (i.e., pension, self-employment, wages, interest, etc.). There is a formula for determining what, if any, portion of social security benefits is taxable that can be found in the manual in the Social Security Benefits section.

Do I need to include my Form 1095-A information on my return?

YES! If you find out your client had health insurance through the Marketplace, then it is necessary to include Form 1095-A information on the return or else the taxpayer will encounter processing delays. Ask your client if they can find a copy they received in the mail or ask that they contact the Marketplace about obtaining a replacement form.

How long will it take to get my refund?

The speed with which a client can receive their refund will usually depend on how they filed (e-file versus paper file) and through what means they are getting their refund (i.e. direct deposit versus a check in the mail). See the chart below for estimated processing times. However, stress to your client that it can take a little longer than that and that they can always check their refund status online (www.irs.gov and click on "Where's My Refund?") or by calling the IRS.

Submission Type	Processing Time
E-file with direct deposit	2-3 weeks
Paper file with direct deposit	4-5 weeks
E-file, no direct deposit	5-6 weeks
Paper file, no direct deposit	6-8 weeks
Amendment	12-16 weeks

LADDER UP THANKS ITS FINANCIAL SUPPORTERS!

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Illinois Department of Human Services
The Prudential Foundation

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Beth Mueller
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