

NTTC Workbook TY 2015 – Notes and Errata

This document contains corrections and clarifying notes for the NTTC Workbook and should be provided to all volunteers using the Workbook. Please send any questions or comments to the NTTC via OneSupport.

As always, thank you for your continued commitment to, and support of, Tax-Aide!

National Tax Training Committee

Instructor Notes and Errata

New items are in red italics and shaded gray.

Page	What	Instructor Notes/Errata
--	Clarify years	When using TaxWise 2015 to work the returns, use the years as presented (e.g. year of birth, year of retirement). When using TaxWise 2014 to work the practice returns, roll the years back one. The result will be that a person age 65 is age 65 in both TaxWise 2015 and 2014.
	Clarify taxpayer preference	Where a check has been provided, assume the taxpayer wants direct deposit or ACH debit.
3	5 th para: correct urls	Should be ... https://twonline.taxwise.com/training (/training14 after 2015 software...
5	Hudson: clarify IRA Typo	Gail's contribution to her IRA was for 2015. Paragraph above check "balance" is misspelled.
9	<i>Hudson: additional supplemental exercise</i>	<i>For 2015, Instructors may wish to modify the base exercise to reduce Gail's initial IRA contribution to \$1,700. Then add the \$250 additional IRA contribution.</i>
15	Clark: rounding	Volunteers may get a rounding difference on the Cap Gn Wkt depending on how the sales are entered.
20	Clark: supplemental typo	The 1099s on the consolidated statement are for 2015 (not 2008) and "Gordon" should be removed from the recipient's name. <i>Note that the consolidated statement is a supplemental exercise</i>
37	Meadows: 1095-A typo	Albert's date of birth should be 1/17/1954 (not 7/17/1954).
42	<i>Wilson: typo</i>	<i>CSA 1099R box 9b should read Employee (not Employer) Contribution.</i>
45	Moore: clarify annuity	Joanne takes her late husband's retirement as the survivor; but because she is the only one alive at the start of the annuity, Joanne is treated as the employee and the annuity is based on her life alone (Pub 575).
46	Moore: taxpayer error on intake form	During the interview, Joanne says she made a mistake and Corey is not disabled; Diana is the only child who is disabled.
55	Holmes: check a box	Check Box 2 b Taxable amount not determined on the Auburn 1099-R.

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59	Holmes: supplemental	If an asset is properly titled in a community property state, 100% of the basis is stepped up or down to the FMV on the date of death. In non-community property states, only the portion (generally half) of the asset that belonged to the decedent is stepped up or down to FMV. Instructors should determine the rules for their state before doing this supplemental exercise. Also, assume the mean price of AAPL on Pat's date of death was \$136 per share.
59	Holmes: add new supplemental exercise 2	Assume that Madison had no health insurance coverage and is not eligible for Medicaid. Use your zip code for marketplace quotes. (The Marketplace Affordability exemption should apply.)
65	Bates: clarify income; correct SSN and payer city	Yard maintenance income was reported on 1099-Misc by the payer (presumably a business), so we assume that Gail and her neighbor agreed that she would work as an independent contractor. If it had not been reported at all, it might be considered household employee income and entered on Wkt1 as it was under the \$1,900 reporting threshold for the employer. Mercie's SSN should be 047-xx-xxxx. Nature's Honey is in Paola, KS.
78	McCook: specification for ACA	Use zip code 46205 for the market policy affordability exemption. (Hint: the exemption applies.)
84	McCook: correct sale date	The sale date for 100 Matte Investor Class Fund should be 09/18/2015.
87	McCook: Supplemental Exercise 2 clarification	Supplement 2 is added to the basic practice return (it is not additive to Supplement 1) for the line-by-line answers.
87	McCook: Supplemental Exercise 2 clarification	The McCooks moved into your state on March 31, 2015 (use Indiana for the sales tax worksheet); use Washington with no local sales to calculate their sales tax deduction for January through March. Discuss your state's implication of part-year residency.
93	Wright: Supplemental	Assume that the Tuition and Fees adjustment is extended.
102	Yale: clarification re early distribution	Assume that in addition to the medical expenses and higher education expenses as in the workbook, Douglas' room and board while a student was \$750 per month for five months on campus and \$500 per month for five months at home (less than the amount allowed by the school for financial aid purposes). (Use of the distributed funds is irrelevant. If the Yales have qualified expenses, they can reduce the penalty. See Pub 970.)
105	Yale: medical insurance clarification	In the interview, Gale confirms that her employer offered subsidized coverage for Thomas and the children (but they chose to not take that coverage). Thus, Thomas is not eligible for the 1040 Line 29 deduction for self-employed health coverage for any month during the year and the return is in scope.
107	Yale: Supplemental Exercise	Assume that the Meals and Incidental Expense (M&IE) rate is \$46 per day for Gale's trip. See Form 2106 instructions.
114	Kerry: correct ssn	1099 from Rich: Kevin's ssn should be 331-xx-xxxx.
118	Kerry: correct sale date	The 100 shares of Red Balloon were sold on 9/18/2015.

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122	Kerry: correct ssn	1099 from Yale: Kevin's ssn should be 331-xx-xxxx.
127	<i>Kerry: ESA distribution</i>	<i>After you explain the rules, Yvonne chooses to offset room and board costs with the distribution, which leaves her books to be used for a credit in full.</i>
128	<i>Kerry: kiddie tax</i>	<i>To claim the max AOTC, Yvonne would need to tax \$1,750 of her scholarship and that triggers the kiddie tax. Instead she chooses to tax \$1,275 (\$1,175 if using TW 2014) of her scholarship which increases qualified education expenses to \$3,525 (\$3,425 if using TW 2014), and there is no kiddie tax. Note that Yvonne will have to file a return.</i>
137	ACA Exercise #34	Question c should read: Would the answer to b(i) and b(ii) be different...
138	Filing Status #5	Susie's job is part time, not full time.
138	Filing Status #8: clarification	Larry is under age 24 and finished his high school as a full-time student in May.
144	Quiz: Capital Gain or Loss – Stocks #10	... Jim sold all the stock on 12/1/ 2015 ...