

Tax Presentation
Harvard University
Graduate School of Arts & Sciences
Presented by
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Agenda

- Tax Forms
- Filing Requirements
- Reportable Income
- Estimated Income Taxes
- Tax Credits
- Student Loan Interest
- State Income Taxes
- Q&A

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ▶

Your first name and middle initial: **John** Last name: **Doe** Your social security number: **123 45 6789**
 If joint return, spouse's first name and middle initial: Last name: Spouse's social security number:

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Presidential Election Campaign
 City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Check here if you or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. You Spouse
 Foreign country name Foreign province/state/country Foreign postal code If more than four dependents, see instructions and ✓ here ▶

Standard Deduction **Someone can claim:** You as a dependent Your spouse as a dependent **Spouse itemizes on a separate return or you were a dual-status alien**

Age/Blindness You: Were born before January 2, 1955 Are blind Spouse: Was born before January 2, 1955 Is blind

Dependents (see instructions):		(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see instructions):	
(1) First name	Last name			Child tax credit	Credit for other dependents

1 Wages, salaries, tips, etc. Attach Form(s) W-2SCH	Stmt 1	1	33,600.
2a Tax-exempt interest	2a	2b	
3a Qualified dividends	3a	3b Taxable interest: Attach Sch. B if required	
4a IRA distributions	4a	3b Ordinary dividends: Attach Sch. B if required	
c Pensions and annuities	4c	4b Taxable amount	
5a Social security benefits	5a	4d Taxable amount	
6 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>		5b Taxable amount	
7a Other income from Schedule 1, line 9		6	
b Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income ▶		7a	
8a Adjustments to income from Schedule 1, line 22		7b	33,600.
b Subtract line 8a from line 7b. This is your adjusted gross income ▶		8a	
9 Standard deduction or itemized deductions (from Schedule A)	9	8b	33,600.
10 Qualified business income deduction. Attach Form 8955 or Form 8995-A	10	9	12,200.
11a Add lines 9 and 10		10	
b Taxable income. Subtract line 11a from line 8b. If zero or less, enter -0-		11a	12,200.
		11b	21,400.

LHA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2019)

12a	Tax	(See inst.) Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	12a	2,377.	
b	Add Schedule 2, line 3, and line 12a and enter the total			12b	2,377.
13a	Child tax credit or credit for other dependents			13a	
b	Add Schedule 3, line 7, and line 13a and enter the total			13b	
14	Subtract line 13b from line 12b. If zero or less, enter -0-			14	2,377.
15	Other taxes, including self-employment tax, from Schedule 2, line 10			15	
16	Add lines 14 and 15. This is your total tax			16	2,377.
17	Federal income tax withheld from Forms W-2 and 1099			17	
18	Other payments and refundable credits:				
a	Earned income credit (EIC)			18a	
b	Additional child tax credit. Attach Schedule 8812			18b	
c	American opportunity credit from Form 8863, line 8			18c	
d	Schedule 3, line 14			18d	
e	Add lines 18a through 18d. These are your total other payments and refundable credits			18e	
19	Add lines 17 and 18e. These are your total payments			19	
Refund	If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you overpaid			20	
21a	Amount of line 20 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>			21a	
b	Routing number		c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
d	Account number				
22	Amount of line 20 you want applied to your 2020 estimated tax			22	
Amount You Owe	23 Amount you owe . Subtract line 19 from line 16. For details on how to pay, see instructions			23	2,377.
24	Estimated tax penalty (see instructions)			24	

• If you have a qualifying child, attach Sch. EIC.
 • If you have nontaxable combat pay, see instructions

Third Party Designee Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions Yes. Complete below. No

Designee's name	Phone no.	Personal identification number (PIN)
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Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
		student	
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)

Preparer's name	Preparer's signature	Date	PTIN	Check it: <input type="checkbox"/> 3rd Party Designee <input type="checkbox"/> Self-employed
Robert D. Underwood, CPA	Robert D. Underwood, CPA	11/16/20	P00466844	
Firm's name	Firm's address		Phone no.	Firm's EIN
Robert D. Underwood, CPA, PC	146 Lowell Street, Suite 300A-2 Wakefield, MA 01880-1985		(781) 245-1615	04-3375794

2019 W-2 and EARNINGS SUMMARY

Employee Reference Copy			
W-2 Wage and Tax Statement 2019 <small>Copy C for employee's records OMB No. 1545-0048</small>			
d Control number 0000004660 WTB	Dept 100540	Corp NK25	Employer use only A 1017
c Employer's name, address, and ZIP code PRESIDENT AND FELLOWS OF HARVARD COLLEGE 1033 MASSACHUSETTS AVE 2ND FL CAMBRIDGE, MA 02138			
e/f Employee's name, address, and ZIP code			
b Employer's FED ID number 04-2103580	a Employee's SSA number		
1 Wages, tips, other comp. 44590.50	2 Federal income tax withheld 4014.85		
3 Social security wages	4 Social security tax withheld		
5 Medicare wages and tips	6 Medicare tax withheld		
7 Social security tips	8 Allocated tips		
9	10 Dependent care benefits		
11 Nonqualified plans	12a See instructions for box 12		
14 Other	12b		
	12c		
	12d		
	13 Stat emp Ret plan 3rd party sick pay		
15 State Employer's state ID no. MA WTH-10798176-044	16 State wages, tips, etc. 44590.50		
17 State income tax 2251.80	18 Local wages, tips, etc.		
19 Local income tax	20 Locality name		

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PAGE 01 OF 01

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17 State income tax 2251.80	18 Local wages, tips, etc.		
19 Local income tax	20 Locality name		
Federal Filing Copy			
W-2 Wage and Tax Statement 2019 <small>Copy B to be filed with employee's Federal Income Tax Return. OMB No. 1545-0048</small>			

1 Wages, tips, other comp. 44590.50	2 Federal income tax withheld 4014.85		
3 Social security wages	4 Social security tax withheld		
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17 State income tax 2251.80	18 Local wages, tips, etc.		
19 Local income tax	20 Locality name		
MA State Filing Copy			
W-2 Wage and Tax Statement 2019 <small>Copy 2 to be filed with employee's State Income Tax Return. OMB No. 1545-0048</small>			

1 Wages, tips, other comp. 44590.50	2 Federal income tax withheld 4014.85		
3 Social security wages	4 Social security tax withheld		
5 Medicare wages and tips	6 Medicare tax withheld		
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17 State income tax 2251.80	18 Local wages, tips, etc.		
19 Local income tax	20 Locality name		
City or Local Filing Copy			
W-2 Wage and Tax Statement 2019 <small>Copy 2 to be filed with employee's City or Local Income Tax Return. OMB No. 1545-0048</small>			

Filing Requirements

Who is required to file:

- Federal - US Citizens & Resident Alien taxpayers file form 1040

- Resident Aliens - Alien Registration Card aka "Green Card" or Substantial Presence Test

- 2020 income thresholds requiring the filing of a federal income tax return

- Filing status

 - Single, under age 65 \$12,200

 - Married filing jointly, under 65 \$24,400

 - Married filing separately, under 65 \$5

 - Head of Household, under 65 \$18,300

 - Single, dependent of another taxpayer

 - Unearned income over \$1,100 or

 - Earned income over \$12,200 or

 - Total income is greater than \$1,100 or the earned income up to \$11,850 plus \$350.

Filing Requirements, Cont.

- Nonresident taxpayers
 - Nonresident taxpayers file form 1040NR- Reporting requirements vary depending on each individual's income sources and tax treaties, if applicable. NRA receive form 1042-S which reflects the taxable amount & tax withheld.
- Filing Options:
 - Residents can electronically or paper file tax forms. Free tax filing options at www.irs.gov/filing/free-file-do-your-federal-taxes-for-free. Free if below \$69,000 in taxable income, otherwise pay a fee.
- Due Dates:
 - Federal (IRS) and Massachusetts – Thursday, April 15, 2021
 - Other states – check on state tax website

Reportable Income

Residents are taxed on worldwide income – Report all income from any source *U.S. **AND** Foreign*:

- Salaries (W-2)
- Taxable fellowships, scholarships and grants
- Bank interest and dividends
- Investment income
- Royalties, prizes and awards
- Real estate rentals and sale proceeds

Fellowships, Scholarships and Grants

Taxation of Scholarships, Fellowships, Grants & Awards

-Scholarships – IRS, generally an amount paid or allowed to a student at an educational institution for the purpose of study

-Fellowship – IRS, generally an amount paid to an individual for the purpose of research.

-Whether it's identified as a scholarship, fellowship, grant or award taxation of such is controlled by Sections 61 & 117 of the Internal Revenue Code

-IRC Section 61 - States "*Except as otherwise provided in this subtitle, gross income means all income from whatever source derived, including (but not limited to) the following items*"

-IRC Section 117 - States "*Gross income does not include any amount received as a qualified scholarship by an individual who is a candidate for a degree at an educational organization*"

Fellowships, Scholarships and Grants , Cont.

Taxable v. Non-taxable

-Non-taxable – If the following conditions are met:

-The individual is a **candidate for a degree** at an educational institution that maintains a regular faculty and curriculum and normally has a regular enrolled body of students in attendance at the place where it carries on its educational activities; and

-Amounts you receive as a scholarship or fellowship grant are used for tuition and fees required for enrollment or attendance at the educational institution, or for fees, books, supplies, and equipment required for courses at the educational institution. **(aka Qualified Educational Expenses)**

-Taxable – If amounts are used for incidental expenses, such as room and board, travel, optional equipment, and generally amounts received as payments for teaching, research, or other services required as a condition for receiving the scholarship or fellowship grant. In addition, any part of the scholarship or fellowship that represents a payment for services is taxable.

Reporting Taxable Fellowships & Scholarships

-See IRS Publication 970 Worksheet 1-1 to compute taxable scholarship and fellowship income

-Reporting mechanism to IRS

W-2 (Federal Work Study Program Jobs)

Form 1099-MISC

Form 1042-S

Possibly none

- Where to Report:
 - Form 1040, Line 1 – include the taxable portion in the “Wages, salaries, tips” line of the return. If not included on a W-2 or 1042-S enter “SCH” along the line.

1	Wages, salaries, tips, etc. Attach Form(s) W-2	SCH.	1	10,000 00
2a	Tax-exempt interest	2a	b Taxable interest	2b

Estimated Taxes

-For federal and state income tax purposes all taxpayers who expect to owe \$1,000 and \$400 respectively are required to pay an estimated tax.

-For both federal and state payments installment amounts are due on or before the following dates:

April 15th

June 15th

September 15th

January 15th of the following year

-In order to avoid penalties for underpaying of your estimated tax, the total of your estimated tax payments for the current year must be greater than 90% of the current year's liability or 100% of the prior year's liability.

-Regardless, all amounts are due in full by April 15th following the close of the tax year.

Both federal and state income tax payments can be made online using the following links:

Federal tax payments - <https://www.irs.gov/payments>

Massachusetts tax payments - [https://mtc.dor.state.ma.us/mtc/ /](https://mtc.dor.state.ma.us/mtc/)

Educational Tax Credits

American Opportunity Credit

- Generally not available to graduate students. Available to students during their first four years of postsecondary education

Life Time Learning Credit

- Based on qualified educational expenses for higher education
- Qualified expenses include tuition and certain related expenses required for enrollment in a course at an eligible educational institution
- The maximum credit for any tax year is equal to \$2,000 determined by multiplying the first \$10,000 of qualified educational expenses paid 20%
- The credit begins to phased out for single individuals with a modified adjusted gross income (MAGI) of \$59,000 and fully phased out at a MAGI of \$69,000
- For married individuals the phase out begins with a MAGI of \$118,000 and ends at \$138,000

Student Loan Interest

Student loan interest deduction

- Student loan interest - Interest paid during the tax year on a qualified student loan
- Qualified student loan is a loan used solely to pay for qualified educational expenses
- Qualified education expenses include tuition and fees; room and board; books, supplies, and equipment; and other necessary expenses
- The student loan interest deduction is the lesser of \$2,500, or the interest paid during the year
- The deduction begins to phase out at certain levels of modified adjusted gross income (MAGI) as follows:
 - Married filing jointly – The phase out begins when your MAGI reaches \$140,000 with the deduction fully phased out at \$170,000 of MAGI
 - All other taxpayers - The phase out begins when your MAGI reaches \$70,000 with the deduction fully phased out at \$85,000 of MAGI

Massachusetts Tax Filings

- For Massachusetts state income tax, you are deemed a full year resident if you maintain a permanent place of abode in MA & you spend more than 183 days of the taxable year in MA
- Above tests not met, generally a nonresident for MA income tax. Earn more than \$8,000 & the income is not exempt from taxation under a treaty, file MA Form 1-NR, if you are a nonresident alien. (Federal tax return may still be required)
 - Income less than \$8,000 – May want to file MA Form 1-NR to claim refund of any tax withheld
- Resident, file MA Form 1. Need to prove you have health insurance – Form MA 1099-HC, Individual Mandate Massachusetts Health Care Coverage

Massachusetts Tax Filings

- Permanent place of abode depends on the type of housing. Off campus & not affiliated with Harvard, you may be deemed to have a permanent place of abode in MA. – If non-U.S. citizen
- U.S. citizen still financially supported by parents are generally deemed to be residents of the state of parents' residency
 - Unless U.S. citizen student provides more than one-half of his or her own financial support, likely supported by parents
- 1099-HC form – Not attached to MA return, need its information to complete the Massachusetts return
 - Informational Form Only – No Tax – Penalty assessed up to 50% of minimum monthly insurance premium qualified through MA Health Connector

Other States

If you worked or were a student in more than one state, (CA and MA for example), in the same year because you moved from one state to another, you may be required to file tax forms in each state.

Which form to use?

- Non-resident/Part-year resident – Generally less than 183 days present in a state or no place of abode, (rental apartment, home, or similar dwelling)
 - Taxed on only income earned in the state and/or all income received or earned during part-year residency
- Resident – Living in a state, or more than 183 days presence, with place of abode
 - Taxed on income from all sources
- Tax credits may be available on income taxed by both states