



STUDENT ADVOCATES FOR FINANCIAL EDUCATION

FILING TAXES 101

To **file** taxes means to officially report to the IRS any income earned and the taxes you are responsible for paying in a specific year. Students sometimes wonder whether they should file a tax return. A student should file if he or she has had income from the following sources:

1. **Earned Income:** money earned from performing personal services, including salaries, wages, tips, and net-earnings from self-employment
2. **Unearned Income:** investment returns in the form of rent received; dividends ; capital gains; interest from savings, checking, or other accounts; or royalties (whether paid in cash or posted to an account)
3. **Transfer Payments:** payments by governments and individuals for which no goods or services are expected in return, such as unemployment insurance payments or welfare payments



One should also file in order to:

4. Get a refund of any federal or state taxes withheld from your paycheck if your income is below the filing requirement
5. Get a refund if you have not file for refunds in the past
6. Get a refund if you overpaid your taxes in the past three years
7. Get a refund if you qualify for a tax credit such as for higher education, children, dependent/child care, and earned income

Know which tax form to file:

1040EZ: use if claiming no dependents & EIC the is only credit taken

1040A: use when taking standard deduction and have more options to report (Education and/or child tax credits, IRA deduction,)

1040: use when itemizing (or took a qualified HSA distribution from an IRA)

IMPORTANT ITEMS TO REMEMBER

1. Gather records in advance to provide proof of any deductions and credits.
2. Remember to bring the necessary papers and identification when getting assistance with tax preparation.
These include, but are not limited to:
 - W-2, 1098, 1099, and related papers received for the tax year
 - Interest & dividend statements received for the tax year
 - Federal and State Tax Packages
 - Previous year Tax Returns if you filed in that year
3. Additional forms necessary to complete your taxes can be downloaded at www.irs.gov. Click on *1040 Central*, then find *Forms and Publications*. Some tax forms you may need include, but are not limited to:
 - Schedule EIC: Earned Income Credit for Qualifying Child Information
 - Schedule C: Profit or Loss from Business
 - Form 8812: Additional Child Tax Credit
 - Form 2441: Child and Dependent Care Expenses
 - Form 8863: Education Credits (Hope Credit and Lifetime Learning Credit)
4. Check your math and Social Security numbers on **ALL** documents and make **SURE** they are correct
5. Attach your W-2 to your federal tax form. Include a copy of your completed federal tax form and attach a W-2 to your state tax form. (if you *E-file*, make sure to keep a copy for your records)
6. Submit your tax forms by April 15! Mail to your postal zone or *E-file* at www.irs.gov for federal taxes and <http://mt.gov/revenue/> for state taxes.

