



“We Don’t Just Do Taxes...WE KNOW TAXES”

REFERENCE GUIDE

TAX YEAR 2016



FEDERAL INDIVIDUAL INCOME TAX

FEDERAL INDIVIDUAL INCOME TAX RETURN FORMS

Form 1040EZ (Short Form)

Form 1040A

Form 1040 (Long Form)

FILING STATUSES

STANDARD DEDUCTION AMOUNTS

Single	\$6,300
Married Filing Separately	\$6,300
Married Filing Jointly	\$12,600
Qualifying Widower with Dependent Child	\$12,600
Head of Household	\$9,300

ADDITIONAL STANDARD DEDUCTION AMOUNTS FOR TAXPAYERS AGE 65 OR OLDER

Single	\$1,550
Married Filing Separately	\$1,250
Married Filing Jointly	\$1,250
Qualifying Widower with Dependent Child	\$1,250
Head of Household	\$1,550

ADDITIONAL STANDARD DEDUCTION AMOUNTS FOR TAXPAYERS WHO ARE BLIND

Single	\$1,550
Married Filing Separately	\$1,250
Married Filing Jointly	\$1,250
Qualifying Widower with Dependent Child	\$1,250
Head of Household	\$1,550

STANDARD DEDUCTION AMOUNT FOR A DEPENDENT OF ANOTHER

The greater of the taxpayer's earned income plus \$350 or \$1050, not to exceed their normal standard deduction amount.

FILING STATUSES TESTS

Single	<ol style="list-style-type: none">1) Taxpayer must be unmarried or2) Taxpayer must be legally separated
Married Filing Jointly	<ol style="list-style-type: none">1) Taxpayer must be married and2) Taxpayer and spouse must agree to file married filing jointly
Married Filing Separately	<ol style="list-style-type: none">1) Taxpayer must be married and2) Taxpayer and spouse do not agree to file married filing jointly
Qualifying Widower with Dependent Child	<ol style="list-style-type: none">1) Taxpayer is eligible to use this filing status for two years following the year their spouse died.2) Taxpayer must be able to claim a son or daughter as a dependent.
Head of Household (Unmarried Taxpayers)	<ol style="list-style-type: none">1) Taxpayer is unmarried on the last day of the year.2) Taxpayer paid more than half the cost of keeping up a home for the year.3) A qualifying person lived with the taxpayer in the home for more than half of the year.
Head of Household (Married Taxpayers)	<ol style="list-style-type: none">1) Taxpayer must file a separate tax return.2) Taxpayer paid more than half the cost of keeping up a home for the year.3) Taxpayer's spouse did not live in the home during the last six months of the year.4) Taxpayer's home was the main home of a child, stepchild, or foster child for more than half of the year.5) Taxpayer must be able to claim an exemption for the child.

QUALIFYING PERSON TESTS FOR THE HEAD OF HOUSEHOLD FILING STATUS

Qualifying Child	<ol style="list-style-type: none">1) The qualifying child must be a son, daughter, brother, sister, niece, nephew, grandchild, or foster child placed by an authorized placement agency.2) The qualifying child must be under the age of 19, under the age of 24 and a full-time student, or any age if permanently and totally disabled.3) The qualifying child does not have to be a dependent.
Qualifying Relative	<ol style="list-style-type: none">1) The qualifying relative can be any relative except cousin.2) The qualifying relative can be any age.3) The qualifying relative must be a dependent.

THE TWO TYPES OF EXEMPTIONS**EXEMPTION AMOUNTS**

Personal Exemption (Taxpayer and Spouse)	\$4,050
Dependent Exemption (Dependent(s) Claimed on the Tax Return)	\$4,050

EXEMPTION (DEPENDENT) TESTS

Qualifying Child	<ol style="list-style-type: none"> 1) Relationship Test: The qualifying child must be a son, daughter, brother, sister, niece, nephew, grandchild, or foster child placed by an authorized placement agency. 2) Age Test: The qualifying child must be under the age of 19, under the age of 24 and a full-time student, or any age if permanently and totally disabled. 3) Residency Test: The qualifying child must have lived with the taxpayer for more than half of the year. 4) Support Test: The taxpayer must have provided more than half of the support for the qualifying child. 5) Joint Return Test: The qualifying child can not file a married filing jointly tax return for the tax year unless it is filed only as a claim for refund.
Qualifying Relative	<ol style="list-style-type: none"> 1) Not a Qualifying Child Test: The qualifying relative can not be the taxpayer's qualifying child or the qualifying child of any other taxpayer. 2) Member of Household or Relationship Test: The qualifying relative (any age) must live with you all year as a member of household, or be any relative except cousin that does not have to live with you at all during the year. 3) Gross Income Test: The qualifying relative's gross income (excluding social security benefits) must be less than \$4,050 (personal exemption amount). 4) Support Test: The taxpayer must have provided more than half of the support for the qualifying relative.

FILING REQUIREMENT TESTS

Single Married Filing Jointly Qualifying Widower with Dependent Child Head of Household	A taxpayer must file a tax return if their gross income (excluding social security benefits) is at least their "normal standard deduction amount" plus the additional amount for being age 65 or older plus their personal exemption amount.
Married Filing Separately	A taxpayer must file a tax return if their gross income (excluding social security benefits) is at least their personal exemption amount.
Other Situations When A Taxpayer Must File	<ol style="list-style-type: none"> 1) Any taxpayer with net earnings from self-employment income (business or farming) of \$400 or more. 2) Any taxpayer who had to complete any line in the Other Taxes section of Form 1040. 3) Any taxpayer with advance payments on Form 1095-A.
Situations When A Taxpayer Should File	<ol style="list-style-type: none"> 1) Any taxpayer who is entitled to a refund due to federal income tax withheld. 2) Any taxpayer who made estimated tax payments. 3) Any taxpayer who qualifies for any refundable credits.

THE MOST COMMON TYPES OF FORMS AND SCHEDULES

Wage and Tax Statement	Form W-2
Interest Income	Form 1099-INT
Dividends Income	Form 1099-DIV
Used if Interest and/or Dividends Income is more than \$1,500	Schedule B
Taxable Refunds, Credits, or Offsets of State and Local Income Taxes	Form 1099-G
Business Income	Schedule C-EZ
Business Income	Schedule C
Self-Employment Tax	Schedule SE
Capital Gains and Losses	Schedule D
Sales of Stocks, Bonds, or Other Income	Form 1099-B
Sales and Other Dispositions of Capital Assets	Form 8949
Distributions from Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, etc.	Form 1099-R
Used to waive the 10 percent penalty from Form 1099-R	Form 5329
Rental Property Income	Schedule E
Farming Income	Schedule F
Unemployment Compensation	Form 1099-G
Social Security Benefits	Form SSA-1099
Gambling Income	Form W2-G
Miscellaneous Income	Form 1099-MISC
Cancellation of Debt Income	Form 1099-C
Used to exclude Cancellation of Debt Income from being added as taxable income	Form 982
Moving Expenses Deduction	Form 3903
Student Loan Interest Deduction	Form 1098-E
Tuition and Fees Deduction	Form 8917
Itemized Deductions	Schedule A
Noncash Charitable Contributions	Form 8283
Casualty and Theft Losses	Form 4684
Unreimbursed Employee Business Expenses	Form 2106-EZ
Unreimbursed Employee Business Expenses	Form 2106
Home Office Deductions	Form 8829
Child and Dependent Care Credit	Form 2441
Education Credits	Form 8863
Retirement Savings Contribution Credit	Form 8880
Child Tax Credit/Additional Child Tax Credit	Schedule 8812
Earned Income Credit (Qualifying Child Information)	Schedule EIC
Paid Preparer's Due Diligence Checklist	Form 8867
Tuition Statement	Form 1098-T

THE TWO TYPES OF INCOME

Earned Income:	Wages, Tips, Other Compensation, Business Income, and Farming Income
Unearned Income:	Interest, Dividends, Taxable Refunds, Credits, or Offsets of State and Local Income Taxes, Alimony, Capital Gains, Distributions from Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, etc., Rental Property Income, Unemployment Compensation, Social Security Benefits, Gambling Income, Miscellaneous Income (Box 3: Awards, Jury Duty, Prizes, Settlements), Cancellation of Debt Income

SOCIAL SECURITY AND MEDICARE TAX PERCENTAGES WITHHELD FROM WAGES

Social Security	6.2 %
Medicare	<u>1.45 %</u>
FICA (Social Security and Medicare Combined)	7.65 %

THE MOST COMMON TYPES OF MISCELLANEOUS INCOME (BOX 3 OF FORM 1099-MISC)

Awards
Jury Duty
Prizes
Settlements

CAPITAL GAINS AND LOSSES

Short-Term Capital Gains and Losses	Assets held one year or less
Long-Term Capital Gains and Losses	Assets held more than one year

Maximum Capital Loss	Single Married Filing Jointly Qualifying Widower with Dependent Child Head of Household	\$3,000 Per Tax Return
Maximum Capital Loss	Married Filing Separately	\$1,500 Per Tax Return

THE MOST COMMON TYPES OF ADJUSTMENTS (DEDUCTIONS) MAXIMUM DEDUCTION

Educator Expenses Deduction	\$250 Per Taxpayer
Moving Expenses Deduction	Unlimited
Alimony Paid Deduction	Unlimited
Student Loan Interest Deduction	\$2,500 Per Tax Return
Tuition and Fees Deduction	\$4,000, \$2,000, or \$0 Per Tax Return

EDUCATOR EXPENSES DEDUCTION ELIGIBLE EDUCATORS MAXIMUM DEDUCTION

For eligible educators who incurred unreimbursed employee expenses and work at least 900 hours a school year in a school that provides elementary or secondary education as determined under state law.	<u>Kindergarten through Grade 12</u> Counselor Instructor Principal Teacher Assistant Teacher	\$250 Per Taxpayer
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MOVING EXPENSES DEDUCTION TESTS

1) The move must be closely related to the start of work	The move must be closely related, both in time and place, to the start of work at the taxpayer's new job location.
2) Distance Test	The new main job location is at least 50 miles farther from the taxpayer's former home than their old main job location was from their former home.
3) Time Test (39 Week Test and 78 Week Test)	<ol style="list-style-type: none">1) If a taxpayer is an employee, they must work full-time for at least 39 weeks during the first 12 months after they arrive in the general area of their new job location.2) If a taxpayer is self-employed, they must work full-time for at least 39 weeks during the first 12 months and for a total of at least 78 weeks during the first 24 months after they arrive in the general area of their new job location.

TUITION AND FEES DEDUCTION

MAXIMUM EXPENSES

MAXIMUM CREDIT

Tuition and Fees Deduction	\$4,000	\$4,000 Per Tax Return \$2,000 Per Tax Return \$0 Per Tax Return
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Qualified Expenses	Books, Equipment, Fees, Supplies, and Tuition
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THE MOST COMMON TYPES OF NONREFUNDABLE CREDITS (REDUCES THE TAX)

Child and Dependent Care Credit
Education Credits
Retirement Savings Contribution Credit
Child Tax Credit

CHILD AND DEPENDENT CARE CREDIT

Qualifying Persons	<ol style="list-style-type: none">1) A qualifying child who is your dependent, was under the age of 13 when the care was provided, and lived with you for more than half of the year.2) A spouse who was not physically or mentally able to care for himself or herself and lived with you for more than half of the year.3) A person who was not physically or mentally able to care for himself or herself and lived with you for more than half of the year.
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Maximum Expenses	One Qualifying Person Two or More Qualifying Persons	\$3,000 \$6,000
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Child Care Provider Information Needed	<ol style="list-style-type: none">1) Name of Individual or Business2) Address of Individual or Business3) Taxpayer Identification Number of Individual or Business (Employer Identification Number or Social Security Number)
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EDUCATION CREDITS		MAXIMUM EXPENSES	MAXIMUM CREDIT
American Opportunity Credit		\$4,000	\$2,500 Per Student
Lifetime Learning Credit		\$10,000	\$2,000 Per Tax Return
American Opportunity Credit (Refundable Credit)		N/A	\$1,000 Per Student
Qualified Expenses		Books, Equipment, Fees, Supplies, and Tuition	

RETIREMENT SAVINGS CONTRIBUTION CODES (BOX 12 OF FORM W-2)

Codes D through H and the Letters S, Y, AA, BB, EE

CHILD TAX CREDIT	MAXIMUM CREDIT
Qualifying Child under the Age of 17	\$1,000 Per Qualifying Child

THE MOST COMMON TYPES OF REFUNDABLE CREDITS (CONSIDERED AS PAYMENTS)

Earned Income Credit
Additional Child Tax Credit
American Opportunity Credit

EARNED INCOME CREDIT

Qualifying Child Tests	<ol style="list-style-type: none"> 1) Relationship Test: The qualifying child must be a son, daughter, brother, sister, niece, nephew, grandchild, or foster child placed by an authorized placement agency. 2) Age Test: The qualifying child must be under the age of 19, under the age of 24 and a full-time student, or any age if permanently and totally disabled. 3) Residency Test: The qualifying child must have lived with the taxpayer for more than half of the year. 4) Joint Return Test: The qualifying child can not file a married filing jointly tax return for the tax year unless it is filed only as a claim for refund.
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Maximum Number of Qualifying Children	3
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ADDITIONAL CHILD TAX CREDIT

General Rules to Qualify	<ol style="list-style-type: none"> 1) The taxpayer did not receive the full amount of the child tax credit. 2) The taxpayer's earned income is more than \$3,000.
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Maximum Credit	\$1,000 Per Qualifying Child under the Age of 17
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AMERICAN OPPORTUNITY CREDIT	MAXIMUM CREDIT
40% of the American Opportunity Credit is refundable	\$1,000 Per Student

ITEMIZED DEDUCTIONS**ADJUSTED GROSS INCOME LIMITATION**

Medical, Dental, Prescription, and Vision Expenses	7.5% (age 65 or older)
Medical, Dental, Prescription, and Vision Expenses	10% (under age 65)
Unreimbursed Employee Expenses and Certain Miscellaneous Deductions	2%

LONG DISTANCE TRUCK DRIVERS MEAL ALLOWANCE (80% LIMITATION)

\$63 Per Day

MILEAGE TYPE**RATE PER MILE**

Business	54 Cents
Charity	14 Cents
Medical	19 Cents
Moving	19 Cents

FEDERAL INDIVIDUAL INCOME TAX RETURN FORMULA

$\text{INCOME} - \text{ADJUSTMENTS} = \text{ADJUSTED GROSS INCOME}$

$\text{ADJUSTED GROSS INCOME} - \text{STANDARD DEDUCTION OR ITEMIZED DEDUCTIONS} - \text{EXEMPTION AMOUNT} = \text{TAXABLE INCOME}$

$\text{TAXABLE INCOME} = \text{TAX}$

$\text{TAX} - \text{NONREFUNDABLE CREDITS} + \text{OTHER TAXES} = \text{TOTAL TAX}$

$\text{TOTAL TAX} - \text{PAYMENTS} = \text{REFUND OR BALANCE DUE AMOUNT}$

MISSISSIPPI INDIVIDUAL INCOME TAX

MISSISSIPPI INDIVIDUAL INCOME TAX RETURN FORMS

Form 80-105 (Resident)

Form 80-205 (Non-Resident or Part-Year Resident)

MISSISSIPPI FILING STATUSES

STANDARD DEDUCTION AMOUNTS

Single	\$2,300
Married Filing Separately	\$2,300
Married Filing Jointly	\$4,600
Married Filing Jointly (Spouse Died in Tax Year)	\$4,600
Head of Family	\$3,400

MISSISSIPPI EXEMPTIONS

EXEMPTION AMOUNTS

Single	\$6,000
Married Filing Separately	\$6,000
Married Filing Jointly	\$12,000
Married Filing Jointly (Spouse Died in Tax Year)	\$12,000
Head of Family	\$8,000
Each Dependent	\$1,500
Taxpayer and/or Spouse is Age 65 or Older	\$1,500
Taxpayer and/or Spouse is Blind	\$1,500

MISSISSIPPI SCHEDULE OF TAX COMPUTATION

The first \$5,000 or part of the taxpayer's taxable income is taxed at a rate of 3%.

The next \$5,000 or part of the taxpayer's taxable income is taxed at a rate of 4%.

The remaining balance of the taxpayer's taxable income is taxed at a rate of 5%.

MISSISSIPPI INDIVIDUAL INCOME TAX RETURN FORMULA

INCOME – ADJUSTMENTS = ADJUSTED GROSS INCOME

ADJUSTED GROSS INCOME – STANDARD DEDUCTION OR ITEMIZED DEDUCTIONS –
EXEMPTION AMOUNT = TAXABLE INCOME

TAXABLE INCOME = TAX

TAX – OTHER CREDITS + OTHER TAXES = TOTAL TAX

TOTAL TAX – PAYMENTS = REFUND OR BALANCE DUE AMOUNT

STATES WITH NO INDIVIDUAL INCOME TAX

Alaska
Florida
Nevada
New Hampshire
South Dakota
Tennessee
Texas
Washington
Wyoming