

Income Quick Reference Guide



This list is a quick reference and volunteers should refer to Publication 17 for more information. Don't rely on this list alone. Some of the income items on this chart are out of scope for VITA/TCE. Refer taxpayers with out of scope income to a professional tax preparer. Confirm that all income received by the taxpayer has been discussed and shown on the return, if required.

Table A – Examples of Taxable Income

(Examples of income to consider when determining whether a return must be filed or if a person meets the gross income test for qualifying relative)

<p>Wages, salaries, bonuses, commissions</p> <p>Alimony</p> <p>Annuities</p> <p>Awards</p> <p>Back pay</p> <p>Breach of contract payment</p> <p>Business income/Self-employment income</p> <p>Cash income</p> <p>Compensation for personal services</p> <p>Debts forgiven¹</p> <p>Director's fees</p> <p>Disability benefits (employer-funded)</p> <p>Discounts</p> <p>Dividends</p> <p>Employee awards</p> <p>Employee bonuses</p> <p>Estate and trust income</p> <p>Farm income</p> <p>Fees</p> <p>Gains from sale of property or securities</p> <p>Gambling winnings</p> <p>Hobby income</p> <p>Interest</p> <p>Interest on life insurance dividends</p> <p>IRA distributions</p> <p>Jury duty fees</p> <p>Military pay (not exempt from taxation)</p>	<p>Military pension</p> <p>Nonemployee compensation</p> <p>Notary fees</p> <p>Partnership, Estate and S-Corporation income (<i>Schedule K-1s, Taxpayer's share</i>)</p> <p>Pensions</p> <p>Prizes</p> <p>Punitive damage award</p> <p>Railroad retirement—Tier I (portion may be taxable)</p> <p>Railroad retirement—Tier II</p> <p>Recovery of prior year deduction² (medical, property taxes, etc.)</p> <p>Refunds of State and local income tax (if reportable)²</p> <p>Rents (gross rent)</p> <p>Rewards</p> <p>Royalties</p> <p>Severance pay</p> <p>Self-employment (gross income)</p> <p>Social security benefits - portion may be taxable - (<i>See Income tab, Railroad Retirement, Civil Service, and Social Security Benefits</i>)</p> <p>Supplemental unemployment benefits</p> <p>Taxable scholarships and grants</p> <p>Tips and gratuities</p> <p>Tribal per capita payments</p> <p>Unemployment compensation</p>
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Table B – Examples of Nontaxable Income

(Examples of income items to exclude when determining whether a return must be filed)

<p>Aid to Families with Dependent Children (AFDC)</p> <p>Child support</p> <p>Civil damages, restitution or other monetary award paid to someone because that person was wrongfully incarcerated</p> <p>Damages for physical injury (other than punitive)</p> <p>Death payments</p> <p>Dividends on life insurance</p> <p>Federal Employees' Compensation Act payments</p> <p>Federal income tax refunds</p> <p>Gifts</p> <p>Inheritance³ or bequest</p> <p>Insurance proceeds (Accident, Casualty, Health, Life)</p> <p>Interest on tax-free securities</p> <p>Interest on EE/I bonds redeemed for qualified higher education expenses</p> <p>Meals and lodging for the convenience of employer</p> <p>Olympic and Paralympic Games medals and prizes⁴</p>	<p>Payments to the beneficiary of a deceased employee</p> <p>Payments in lieu of worker's compensation</p> <p>Qualified Medicaid waiver payments</p> <p>Relocation payments</p> <p>Rebate/Patronage Dividends issued by co-ops for personal use are not taxable.</p> <p>Rental less than 15 days⁵</p> <p>Rental allowance of clergyman</p> <p>Reverse mortgages</p> <p>Sickness and injury payments</p> <p>Social security benefits - portion may not be taxable (<i>See Income tab, Railroad Retirement, Civil Service, and Social Security Benefits</i>)</p> <p>Supplemental Security Income (SSI)</p> <p>Temporary Assistance for Needy Families (TANF)</p> <p>Veterans' benefits</p> <p>Welfare payments (including TANF) and food stamps</p> <p>Worker's compensation and similar payments</p>
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Footnotes: ¹If the taxpayer received a Form 1099-C, Cancellation of Debt, in relation to their main home, it can be nontaxable

²If itemized in year paid and taxes were reduced because of deduction

³An inheritance isn't reported on the income tax return, but a distribution from an inherited pension or annuity is subject to the same tax as the original owner would have had to pay.

⁴The exclusion does not apply to a taxpayer for any year in which the taxpayer's AGI exceeds \$1 million (or \$500,000 for an individual filing a MFS return).

⁵If you use a dwelling unit as a home and you rent it less than 15 days during the year, you are not required to report the rental income and rental expenses from this activity. See **D-1** Publication 527 (Military Certification only)