

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)

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

Table B – Examples of Nontaxable Income

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

Aid to Families with Dependent Children (AFDC)	Payments to the beneficiary of a deceased employee
Child support	Payments in lieu of worker's compensation
Civil damages, restitution or other monetary award paid to someone because that person was wrongfully incarcerated	Qualified Medicaid waiver payments
Damages for physical injury (other than punitive)	Relocation payments
Death payments	Rebate/Patronage Dividends issued by co-ops for personal use are not taxable.
Dividends on life insurance	Rental less than 15 days ⁵
Federal Employees' Compensation Act payments	Rental allowance of clergyman
Federal income tax refunds	Reverse mortgages
Gifts	Sickness and injury payments
Inheritance ³ or bequest	Social security benefits - portion may not be taxable (See Tab D, Income, Railroad Retirement, Civil Service, and Social Security Benefits)
Insurance proceeds (Accident, Casualty, Health, Life)	Supplemental Security Income (SSI)
Interest on tax-free securities	Temporary Assistance for Needy Families (TANF)
Interest on EE/I bonds redeemed for qualified higher education expenses	Veterans' benefits
Meals and lodging for the convenience of employer	Welfare payments (including TANF) and food stamps
Olympic and Paralympic Games medals and prizes ⁴	Worker's compensation and similar payments

Footnotes

¹ If the taxpayer received a Form 1099-C, Cancellation of Debt, in relation to their main home, it can be nontaxable

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

³ An 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.

⁴ The 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).

⁵ If 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 Publication 527, Residential Rental Property. (Military Certification only)