

(Form Departm Internal	ent of the Treasury Revenue Service	Additional Taxes  Attach to Form 1040, 1040-SR, or 1040-NR.  Go to www.irs.gov/Form1040 for instructions and the latest information.	Vour so	4	MB No. 1545-0074 2022  Attachment lequence No. 02	
realis(s) shown on rollin roto, noto-on, or roto-ren					ecurity number	
Part I Tax						
1	Alternative r	minimum tax. Attach Form 6251	7.	1		
2	Excess adv	ance premium tax credit repayment. Attach Form 8962	<i>J</i> .	2		
3	Add lines 1	and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17	7	3		
Part II Other Taxes						
4	Self-employ	ment tax. Attach Schedule SE	1. 7	4		
5	Social secu Attach Form	rity and Medicare tax on unreported tip income.				
6	Uncollected Form 8919	social security and Medicare tax on wages, Attach				
7	Total addition	onal social security and Medicare tax, Add lines 5 and 6		_7		
8	Additional ta	ax on IRAs or other tax-favored accounts. Attach Form 5329 if requ	ired.			
	If not require	ed, check here		8		
9L	Household (	employment taxes. Attach Schedule H		9		
10	Repayment	of first-time homebuyer credit. Attach Form 5405 if required		10		
11	Additional N	Medicare Tax. Attach Form 8959		11		
12	Net investm	ent income tax. Attach Form 8960		12		
13		social security and Medicare or RRTA tax on tips or group-ten	m life	13		
14	Interest on and timesha	tax due on installment income from the sale of certain residentia	l lots	14		
15		the deferred tax on gain from certain installment sales with a sales	price	15		
16	Recapture of	of low-income housing credit. Attach Form 8611	1	16		
	(continued on page 2)					
For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71478U Schedule 2 (Form 1040) 202:						

#### **About Other Taxes**

- TaxSlayer: Basic Information section
- Additional resources listed in L&LT "References" tab
- Review all tips and cautions
- Read all examples and sample interviews
- We will review answers to each exercise in the lesson

### Objectives – Other Taxes

- Identify the different types of other taxes on a return
- Determine if a taxpayer is liable for other taxes that are within the scope of the volunteer program
- Determine how to report these additional taxes on the tax return, and complete the applicable forms or schedules
- Time Required: 15 minutes

# **Topics**



- Other Taxes
- Self-Employment Tax
- Tip Income





Qualified Retirement Plans



- Form 5329, Part I
- First-Time Homebuyer Credit





Figuring Total Tax

### Key Terms

Definitions are always available in the L&LT online Glossary.

- Allocated Tips
- First-time Homebuyer Credit
- Individual Retirement Arrangement (IRA)
- Nonrefundable Credit
- Pension
- Self-employment Income
- Tip Income
- Traditional IRA

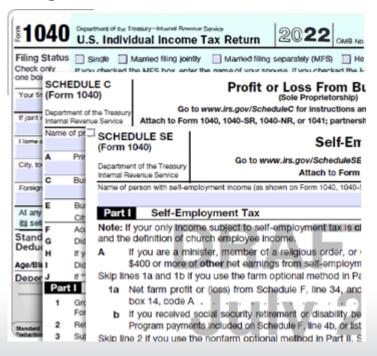
#### Other Taxes

- "Other taxes" are usually calculated on their own form or schedule and are added after the nonrefundable credits are calculated
- Other taxes include:
  - Self-employment tax
  - Social Security and Medicare taxes on tip income
  - Additional taxes on IRAs and other qualified retirement plans
  - Household employment taxes
  - Repayment of first-time homebuyer credit
- Refer to Pub 4012, Other Taxes and Payments and Refundable Credits tab, for more information

#### Self-Employment Tax



- Self-employment (SE) tax is Social Security and Medicare taxes collected primarily from individuals who work for themselves
- Self-employed taxpayers who receive Form 1099-MISC must file Schedule C and Schedule SE
- Schedule SE has a long and short version; used to calculate the SE tax



### Tip Income



- Workers who receive \$20 or more per month in tips must report their tips to their employer. The employer:
  - Reports these tips as part of the wages on Form W-2, box 1, and
  - Withholds Social Security and Medicare taxes and federal income tax
- An employee who receives \$20 or more in unreported tips per month
  - must report the income on Form 1040 and pay the Social Security and Medicare taxes
- Taxes for unreported tips are calculated on <u>Form 4137, Social Security and Medicare Tax</u> <u>on Unreported Tip Income</u>
- Refer to Pub 4012, Income tab



# Qualified Retirement Plans





- Traditional IRAs and other qualified plans allow individuals to defer paying taxes until the funds are distributed
- The taxpayer must pay income tax plus an additional tax as a penalty if any of the following apply:
  - A distribution is taken before the individual reaches the age of 59½ and it is not rolled over into another qualified plan or IRA (in scope)
  - Minimum distributions are not withdrawn when required (out of scope)
  - Excess contributions are not removed by the due date of the return, including extensions (out of scope)

#### TIP:

 Qualified individuals that receive coronavirus-related distributions are not subject to the 10% additional tax on early distributions. See the Retirement Income lesson for details.

#### Form 5329, Part I



- <u>Form 5329</u>, Part I provides for exceptions to the additional tax on early distributions from IRAs or qualified pension plans
  - Line 1: Amount of distribution included in income
  - Line 2: Amount that qualifies for an exception
  - Line 3: Amount subject to additional tax
  - Line 4: Additional tax carried over to Form 1040, Other Taxes

### First-Time Homebuyer Credit



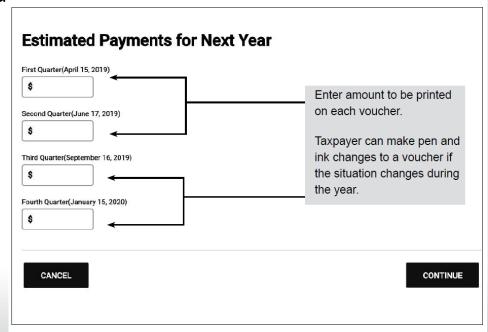
- Certain situations may require the credit to be repaid and reported in the Form 1040, Other Taxes section
- Determine if the taxpayer claimed the 2008 homebuyer credit and must pay back a portion of the credit each year
- If the taxpayer is required to repay the credit, it is calculated on <a href="Form 5405">Form 5405</a>, First-Time Homebuyer Credit and Repayment of the Credit
- For exceptions to the repayment rules, see <u>Form 5405 Instructions</u>
- Taxpayers repaying an installment of the 2008 credit are not required to file Form 5405

# Figuring Total Tax





- The total tax amount on Form 1040, includes the tax on all income, adjustments to income, deductions, nonrefundable tax credits, and other taxes
- The next step is entering tax payments and refundable credits
- Final calculation is the amount of taxes owed, or the amount overpaid that would result in a refund



# Out of Scope for this Lesson:

- Household employment taxes
- IRA minimum distributions not withdrawn when required
- Excess contributions to an IRA not removed by the due date of the return including extensions
- Parts II through IX of Form 5329 (only Part I is in scope)
- Distribution from an ABLE account that exceeds the qualified disability expenses
- Individuals subject to the additional Medicare tax on Form 8959
- Individuals subject to the net investment income tax on Form 8960

#### Summary

- This lesson covered:
  - Self-employment tax
  - Social Security and Medicare taxes on unreported tip income
  - Additional taxes on IRAs and other qualified retirement plans
  - Repayment of the first-time homebuyer credit
- Other taxes are calculated on separate forms or schedules
- TaxSlayer provides all of the forms and performs the calculations