Achievable

IRS EA PART 1 DUMP SHEET

Filing and income

Filing requirements

- **Who must file:** based on **age, gross income and filing status**
- **Worldwide income** (IRC §61) is taxed for U.S. citizens and residents; **nonresident aliens** are taxed on **U.S.-source income** only
- **Residency:** an alien is a **nonresident** unless they meet the **green card** or **substantial presence** test
- **Dual-status** = part-year resident (year of arrival or departure)
- ID numbers:
  - **SSN:** citizens and residents
  - **EIN:** business, estate or trust
  - **ITIN:** non-citizens without an SSN (filing only)
  - **ATIN:** adoption, when an SSN is not yet available

Five filing statuses

Status	Who qualifies
Single	Unmarried, divorced or legally separated by year-end
Married filing jointly (MFJ)	Married (or spouse died during the year)
Married filing separately (MFS)	Separate returns; limits many credits and deductions
Head of household (HOH)	Unmarried + paid **>50%** of home cost + supports a qualifying person
Qualifying surviving spouse (QSS)	For **2 years** after the year of the spouse's death: (1) could have filed jointly in the year of death, (2) not remarried, (3) has a dependent child, (4) paid >50% of home cost

Deadlines

Date	Rule
April 15	**Form 1040** due (15th day of the 4th month); next business day if a weekend or holiday
October 15	**Form 4868:** automatic **6-month** extension to **file**, **not** to pay; interest and penalties accrue on unpaid tax
June 15	Citizens and residents **abroad:** automatic **2-month** extension
Extra time	Federal disaster area

Foreign income

- **Foreign earned income exclusion:** up to **$130,000** (2025), **Form 2555**; must meet the bona fide residence test or **330 days in 12 months** of physical presence
- **FBAR:** foreign accounts **>$10,000**; due **April 15** (automatic extension to Oct 15); filed with **FinCEN**, **not** with the tax return

Taxable and nontaxable income

- **Taxable:**
  - Wages and tips (W-2)
  - Unemployment
  - Nonemployee comp (1099-NEC/MISC)
  - Rents and royalties (Sch E)
  - Gambling and prizes
  - Interest and dividends (Sch B)
  - State refunds
  - Retirement distributions
  - Treasure trove
  - Canceled debt
- **Nontaxable:**
  - Life insurance proceeds
  - **Post-2018 alimony**
  - Compensatory and most emotional-distress damages
  - Child support
  - SNAP, TANF, Medicaid
  - Combat pay (if used for EIC)
- **Cancellation of debt:** taxable (**1099-C** if ≥$600); **insolvency** exclusion up to the amount insolvent
- **Scholarships:** nontaxable for tuition, books and required course fees only
- **Hobby** income is taxable; expenses **not** deductible (2018—2025)
- **§280E:** illegal business (e.g., marijuana): income taxable, **no expense deductions**

Wages and compensation

- **W-2 Box 1** excludes pre-tax contributions (401(k), HSA)
- **Allocated tips (Box 8):** assigned when reported tips are **<8%** of sales; not in Box 1
- **No Tax on Tips (OBBBA, 2025—2028):** deduction up to **$25,000**, phased out above **MAGI $150,000 / $300,000 MFJ**
- **No Tax on Overtime (2025—2028):** deduction for the overtime **premium** only, up to **$12,500 ($25,000 MFJ)**, same phase-out. Both are **deductions** for all of 2025, not exemptions; still owe **Social Security and Medicare; Schedule 1-A**
- **Other comp (taxable):**
  - Bonuses and awards
  - **Group-term life >$50,000**
  - Taxable educational assistance
  - Personal use of a company car
  - Imputed income

Self-employment and clergy

- **Schedule C:** a sole proprietor gets 100% of the profit or loss and is personally liable
- **SE tax** on **92.35%** of net profit
- **Statutory employees** (insurance sales, drivers) deduct expenses on Sch C
- **Clergy:** W-2 employee for income tax, **self-employed for SS/Medicare**; parsonage or housing allowance excluded from income **but subject to SE tax**