

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
 - **ITIN:** aliens not eligible for an SSN (tax use only)
 - **EIN:** business, estate or trust
 - **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 (or considered unmarried) + paid >50% of home cost + qualifying person there >½ year (parent may live elsewhere)
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 or stepchild (not a foster 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 living and working abroad (or military abroad): automatic 2-month extension
Extra time	Federal disaster area

Foreign income

- ✓ **Foreign earned income exclusion:** up to **\$130,000** (2025), **Form 2555**; must have a **foreign tax home** and meet the bona fide residence test or **330 full 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 (tax benefit rule)
 - Retirement distributions
 - Treasure trove
 - Canceled debt
- ✓ **Nontaxable:**
 - Life insurance proceeds
 - Post-2018 alimony
 - Damages for physical injury or sickness
 - Child support
 - SNAP, TANF, Medicaid
 - Combat pay (even if elected for EIC)
- ✓ **Cancellation of debt:** taxable (**1099-C** if **≥\$600**); **insolvency** exclusion up to the amount insolvent
- ✓ **Scholarships:** nontaxable (degree candidates) for tuition, fees and required books/supplies only
- ✓ **Hobby income** is taxable; expenses **not** deductible (since 2018; now permanent)
- ✓ **§280E:** Schedule I/II drug trafficking (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 but still taxable (Form 4137)
- ✓ **No Tax on Tips (OBBA, 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** (full-time life insurance agents, certain commission 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**