



Kansas City Metropolitan
Tax Coalition

**VITA VOLUNTEER
HANDBOOK
TAX YEAR 2025**

This belongs to _____

My logins:

Link and Learn www.linklearncertification.com Login _____
password _____

Practice Lab <https://vita.taxslayerpro.com/IRSTraining/en/Account/Edit>
Universal password TRAINPROWEB
Login _____ Password _____

Taxslayer <https://vita.taxslayerpro.com/ProAvalon/Corelink>
_____ password _____

Givepulse www.givepulse.com
_____ password _____

Helpful bookmarks <https://airwoof.org/vita> **THIS LINK CONTAINS ALL THE FOLLOWING LINKS**

Pension Exclusion Calculator
<https://cotaxaide.org/tools/Annuity%20Calculator.html>

Johnson County Real Estate Taxes
<https://taxbill.jocogov.org/>

School District by Address
<https://ims.jocogov.org/schoollocator/default.aspx>

Wyandotte County Real Estate Taxes
<https://appr.wycokck.org/>

Wyandotte County BPU pilot relief
<https://wycokck.org/taxrebates> 913-573-5311 for appts

Kansas Handbook
<https://www.ksrevenue.gov/pdf/ip24.pdf>

Jackson County MO real estate taxes
<https://ascendweb.jacksongov.org/default.aspx>

KCMo city taxes
<https://kcmo.gov/city-hall/departments/finance/tax-home>

Missouri Handbook
https://dor.mo.gov/forms/MO-1040%20Instructions_2024.pdf

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EXPLANATION OF CONSENT FORMS

Global Carry Forward (Form 15080 on page 6 of the Intake form) – allows basic data (no dollar amounts) to be available at any VITA/TCE site for the next filing season. It is the same data that has always been available at the current tax prep site and gives the taxpayer the flexibility of going to a different site next year. The preparer at the new site will then be able to prepare the new return quicker and with less risk of a data entry error. If the taxpayer does not consent, the data will still be available at this site and not required to sign this form to have the return prepared and e-filed by the site.

Relational EFIN Consent (form 8879 IRS E-file Authorization) – allows answers to the demographic questions to be combined with other taxpayers' data and reported to IRS without personally identifying the taxpayers for the purposes of obtaining grants to operate the free tax services. None of the information is used for commercial purposes. This form also gives us taxpayer consent to e-file the return. If the taxpayer does not sign this form, the return must be paper filed delaying the processing time of the return.

Consents (or non-consents) to these items are documented in the Taxpayer Consent area of TaxSlayer and the Taxpayer(s) zip code on the return is generally used as the PIN number on the input screen when preparing the return.

Reminder: It is the taxpayer's choice to sign either of the consent forms and to provide demographic information. If the taxpayer is not comfortable, they may elect not to consent.

DEPENDENT QUALIFICATION CALCULATOR

Following is a link to a Bogart Calculator commonly used to determine if a particular person might qualify as a dependent on a taxpayers return. This is a tool available to AARP preparers.

<https://cotaxaide.org/tools/Dependent%20Qualification%20Calculator.html>

SIMPLIFIED METHOD TAXABLE PENSION AMOUNT CALCULATOR

Following is a link to Bogart Annuity Calculator used to determine taxable amount of a pension when the taxable amount on Line2a of a 1099-R is not determined. It is easier to use than the one in TaxSlayer and unlike TaxSlayer it shows the full life of the exclusion and will provide a partial recovery amount to use in the final year of the exclusion. This is a tool available to AARP preparers. It is noted that beginning with the 2025 filing season, TaxSlayer made significant changes to its Simplified Method calculator, and it is now easier to use.

<https://cotaxaide.org/tools/Annuity%20Calculator.html>

SPECIAL PENSION SITUATIONS (1099-R)

In preparing returns with pension income documented with a 1099-R there are two special situations we see from time to time that are worthy of further discussion. These are pension statements with Distribution 3 (Disability) and Distribution Code 4 (Survivor). These generally come with "Taxable Amount Not Determined" printed on the 1099-R in the Taxable Amount area Box 2a. When preparing returns for taxpayer with these 1099-Rs the taxable amount is never zero. Most of the statements we see with these codes are from Federal pension distributions documented with a CSA or CSF-1099R so this section is focused on Federal pension documents however the principles would apply to any comparable disability or survivor pension. Information for this Section is from Publication 721, Tax Guide to U.S. Civil Service Retirement Benefits

Disability Retirement (Distribution Code 3)

If you have a CSA-1099 with distribution code 3 and the taxpayer receiving the Disability Pension has not yet met the minimum retirement age (MRA) for the organization's non disability pension, the Gross Distribution in Box 1 is moved to wages. Information from the CSA-1099R is entered in the 1099R area of TaxSlayer and the Box is checked that is labelled "Check here to report on Form 1040, line 1h". If the taxpayer had between 5 and 10 years of service when they retired on disability the MRA is 62. If the taxpayer had 10 or more years of service the MRA is 55 if the taxpayer was born in 1947 and earlier. The MRA is between 55-57 if the taxpayer is born between 1947 and 1970 and age 57 if born in 1970 or later. If the disabled taxpayer was a Public Safety Officer or Air Traffic Controller the MRA is age 50 with 20 years of service and any age with 25 years of service when disabled.

As wages the Gross Distribution is treated as earned income and the taxpayer may be eligible for Earned Income Tax Credit.

In the year the disabled taxpayer reaches the MRA, distributions are no longer moved to wages and normal pension taxation begins and the Simplified Method is used to start tax free recovery of the Total Employee Contributions on Line 9b of the CSA-1099R. In the Simplified method calculator, the retirement date is considered January 1 of the year the MRA was reached if the taxpayer received payments all year.

Survivor Pension (Distribution Code 4)

If the taxpayer is receiving a survivor annuity resulting from a deceased Federal Retiree spouse they will receive a CSF-1099R. The CSF-1099R will have the Total Employee Contribution from the deceased retiree in Box 9a and the survivor will step in and continue the same annual tax-free amount used when the retiree was alive. Since the CSF-1099R does not list the taxable

amount in line 2a, a Simplified Method calculation is required and the AARP Calculator can be used to determine the taxable amount and the exact same inputs (start date, and birthdates for both parties) would be used as if the deceased taxpayer were still alive. Once a total of 30 years of simplified method exclusions is fully recovered by a combination of the deceased taxpayer and surviving spouse, all distributions thereafter will be fully taxable. This may happen especially when there is a large age difference between the deceased taxpayer and the surviving spouse.

MEDICAID WAIVER PAYMENTS

Especially at our urban core site we see a large number of taxpayers who provide home health care services and bring us W-2s issued by or on behalf of an individual listed in the employer section of the W-2 and some may care for multiple people and have multiple W-2s. A large local agent supporting low-income home care in Kansas City is an organization called The Whole Person and their name is on many W-2s but they are not the only ones. These W-2s are an indication the taxpayers are providing home care for a person on Medicaid so they can remain in their home and Medicaid pays for this care. People providing care can also include family members including a parent of a fully disabled adult child.

If the person providing care is living in the same home as the person on the W-2 receiving care, the W-2 income from providing care to that person is tax free to the person providing the care and that is the Medicaid Waiver. The full W-2 is entered into the W-2 input screen in TaxSlayer as normal. Also, on the W-2 input screen in TaxSlayer right above the State section is a box labelled "Medicaid Waiver Payment" where the excluded income is entered. Even though the income is excluded from taxable income it can be used for computing Earned Income Tax Credit. There is a box to click for EITC inclusion just below the entry for the Medicaid Waiver Payment. Checking this box is optional so determine if it is beneficial or not for the client to check it.

EDUCATION CREDITS, SPECIAL CONSIDERATIONS

American Opportunity Education Credit (AOC) alternative calculation if there is a scholarship or grant on the Form 1098-T:

If Qualified Expenses exceed scholarships and grants by more than \$4000 this discussion does not apply and the Qualified expenses are netted against the scholarships and grant in computing the AOC.

The scholarship or grants must be one that may (by its terms) be used for non-qualified expenses (i.e., room and board/transportation). Pell Grants, which is the most common form of needs-based scholarship available to low-income students, can be used for both qualified and non-qualified expenses.

The fact that the educational institution applies the scholarship or fellowship grant to qualified education expenses, such as tuition and related fees, in their billings does NOT prevent the student from choosing to apply eligible scholarships or fellowship grants to the student's non-qualified expenses for tax return purposes. Scholarships and grants used for non-qualified expenses are taxable as income to the student.

If an AOC qualified student is not a dependent, there may be an opportunity to increase their AOC credit amount. Adding the scholarship and grants received to income and not netting them against the qualified expenses may result in a larger refund or reduced amount owed on the tax return. Many times, a full-time student has income low enough that the additional scholarship income increases their tax liability less than the increased AOC arising from not netting the qualified expenses against the scholarships and grants.

This method may also be beneficial to parent(s) claiming an AOC qualified student as their dependent. Regardless of whether the student is a dependent or not, any scholarship and grants recognized as taxable income is done in the student's return and never the parent(s) return. The AOC for a dependent student is always claimed on the parent(s) return. Again, but on a family as a whole basis, this may yield a better result if the student's increased tax liability from recognizing the scholarships and grant is less than the parent(s) increased AOC by not netting the scholarships and grants in computing the credit. If possible, it is always best to prepare returns for both dependent students and their parent(s) at the same time.

Example: Jane Doe is a full-time student at a qualified educational institution for AOC. She received a Pell Grant during tax year of \$3000 and incurred qualified education expenses of \$4000. Her income from employer's W-2 was \$6000. Jane is claimed by her parents as a dependent on their tax return and the parents are in a tax paying position.

The family will receive greatest benefit by adding the scholarship to Jane's income and reducing qualified educational expenses by netting them against scholarship. Jane has no tax liability because of standard deduction, even if scholarship is added to her W-2 income. By including the entire \$4000 of her qualified educational expenses in the AOC claim on the parent's return, her parents will receive a \$2500 AOC. If the scholarship had been netted against the qualified educational expenses, the AOC claim on the parent's return would only be \$1000 instead of \$2500.

Online Ridesharing and Delivery Services (Schedule C)

In recent years more and more taxpayers are working as independent contractors in providing ridesharing and food and other delivery services using their personally owned vehicles and working for online providers (such as Lyft, Uber or Grub hub) using online tools that distribute assignments, track online business mileage, collects fares from riders or users, collects fees for providing the service, and delivers net revenues to the taxpayer. Customers typically pay fares with credit or debit cards through the provider's application and if the taxpayer's fare totals are high enough, a 1099-K and/or 1099-NEC are issued to the taxpayer by the provider. The income on the 1099s goes into Schedule C as gross income.

Uber and Lyft make easy to read statements available online to all its clients that summarizes the taxpayer's online miles, gross earnings, and Uber fees and other expenses paid on the taxpayer's behalf out of gross earnings.

- VITA programs are required to use the standard IRS mileage rates for taxpayers who have business expenses involving use of vehicles and this expense is usually significant. Use of actual vehicle expenses and depreciation is out of scope for VITA sites. Uber, Lyft and others can track business mileage through GPS tracking APPs when the APPs are on while taxpayer is on duty so some of the companies can make that information available in their yearly online statements. The other major expenses are the service fees and expenses and they are also documented in online statements.
- Any expenses beyond mileage and service fees should be minimal. For example, the taxpayer may want to expense a business use and cell phone, water he/she provides to

riders, etc. Remember absolutely NO vehicle expenses are allowed because they are all factored into the IRS standard business mileage rate.

- When preparing a return for a taxpayer that works for an application-based ridesharing or delivery service ask that they provide you with the online statement provided by the organization(s) they work for. If taxpayers need help retrieving their statements, if possible, please try and help them get them. If no statements are available some taxpayers may have a separate app on their smartphones supported by their companies to track mileage. If taxpayers can describe the trips they make and how many during the year, please try and help the taxpayer develop a reasonable mileage estimate to use this year but you should counsel them on the need to keep a mileage log going forward. There are plenty of online apps available that can be used to track miles.

For 2025 tax season, statements include mileage are available from Uber, Lyft and possibly DoorDash. The GrubHub website clearly states they do not provide mileage estimates and encourages drivers to use a preferred app and otherwise keep their own records. Please search online as follows:

- Uber. Tax Season Guide for Uber Drivers and Couriers (available after 1/31/26)
- Lyft. Simplified Tax Solutions for Lyft Drivers (available after 1/31/26)
- DoorDash. Dasher Guide to taxes. In the Frequently Asked Questions section the 4th question is “How can I check my mileage for tax deduction purposes?” The answer states “DoorDash will send mileage estimate emails in late February 2026 to US & Canada Dashers active during 2025 who dashed by Car and had on-delivery mileage.” If the taxpayers do not have this information and any other information needed to prepare their schedule C, please follow the following link to user support. It does not seem to be very user friendly. They do encourage drivers to keep their own records and use a preferred app.

https://help.doordash.com/dashers/s/dasher-support?language=en_US

ITIN (Individual Tax Identification Number) and Form W-7 Application

From pub 4491: An ITIN will expire for any taxpayer who fails to file a federal income tax return for three consecutive years. Any ITIN will remain in effect as long as taxpayer continues to file U.S. tax returns. This includes ITINs issued after January 1, 2013.

These taxpayers will no longer face mandatory expiration of their ITINs and the need to reapply. A taxpayer whose ITIN has been deactivated and needs to file a tax return can reapply using form W-7.

It is recommended that clients that need to apply for an ITIN be referred to El Centro except for Guadalupe Center. Saira Galvan is an acceptance agent and will assist clients in completing the application including W-7 forms. By meeting with an acceptance agent, the client will not need to be separated from their foreign ID documents while the ITIN request is in progress. The referring site can prepare the clients' tax returns on paper before referring them to El Centro or just refer the client without preparing their returns. Instructions for preparing these returns are in pub 4012 L-10 and L-11. If the referring site prepares the return the W-7 does not need to be completed accurately. El Centro will complete the W-7 when assisting the client with the application. Contact information to give to client is El Centro 650 Minnesota Ave, Kansas City, Kansas 66101. They need to call Saira at 913-677-0100 extension 1311. An appointment must be made to have this completed.

KANSAS HOMESTEAD PROPERTY TAX REFUNDS

Claimants must be a Kansas resident the entire year who owned and occupied a homestead. Tax amount to include is the 2025 tax statement amount EXCLUDING SPECIALS-NOT taxes paid. "Household income" does NOT include Social Security Disability, SSI Disability, Railroad Disability or Veterans Disability payments. Base Year for K-40SVR tax is the county tax bill for that year NOT taxes paid. First eligible year is 2021

K-40H

Age 55 or > (born before 1/1/70)

OR dependent child under 18 and born before 1/1/25

OR disabled veteran (50% or more disabled)

OR surviving spouse of disabled veteran (not remarried)

OR surviving spouse of deceased active duty military (not remarried)

Maximum refund: % of max \$700 based on income

Maximum "Household Income": \$43,389

Regular Social Security Included: 50%

Household Income Included: ALL members of household

Eligible to file if delinquent: Yes, but refund will be sent to county

Maximum Appraised Value of Home: \$350,000

Refund Advancement Program Option: Yes

SAFESR-K-40PT

Age 65 or older (born before 1/1/60)

Maximum refund: 75% of tax (no limit)

Maximum "Household Income": \$25,380

Regular Social Security included 100%

Household income included ALL household members

NOT eligible to file if delinquent

Maximum appraised value of home \$350,000

Refund Advancement Program Option: Yes

SENIORS & DISABLED VETS K-40SVR

Age 65 or older (born before 01/01/60)

OR veteran disabled 50% or more

OR surviving spouse of person 65 or older or disabled vet with
SVR (not remarried)

"Base year" is first year individual was 65 or disabled vet ALL year

First eligible base year is 2021

Maximum Refund: difference between current year & base year tax

Maximum "Household Income": \$58,041

"Regular" Social Security Income Included 50%

Household Income Included ALL household members

Eligible to file if delinquent-refund sent to county

Maximum appraised value of home \$350,000 in base year

Refund Advancement Program Option: Yes

KANSAS NON-TAXABLE PENSIONS

KPERS, TIAA and some other Kansas state and local retirement pensions are not taxable in Kansas. In TaxSlayer you must deduct inside the Kansas return "Subtractions from Income" first box.

Federal & Military pensions are not taxable in Kansas either and must be deducted in TaxSlayer "Subtraction from Income" third box. Most military pensions are on 1099-R forms issued by Defense Finance and Accounting Services (DFAS).

IF THE TAXPAYER QUALIFIES FOR HOMESTEAD OR SAFE SENIOR REFUND, BE SURE TO ADD IT BACK IN AS THAT IS BASED ON TOTAL HOUSEHOLD INCOME

CREDIT FOR TAXES PAID TO KC MO

Kansas allows credit for taxes paid to the City of KCMO. However, TaxSlayer does not automatically include it. Under Credits, TaxSlayer will bring across taxes paid to other states but you must add the amount paid to KCMO from the W-2's.

Write down:

MO tax from MO tax return line 36

MO income from MO tax return line U

MO refund from MO tax return line 49

KS refund from KS tax return line 44

In Kansas return click on "Credits" paid to other states the MO tax PLUS the KCMO tax from the W2. Be sure Kansas refund increased and MO refund did not change.

NOTE: Credit is limited to KS tax liability

MISSOURI PROPERTY TAX CREDIT (MO-PTC)

Taxpayers that file electronically from our VITA site must use form MO-PTS to file a claim and the claim is filed along with a MO-1040. If the taxpayer files a claim on a standalone basis by mail, they use form MO-PTC. MO-PTS and MO-PTC accomplish the same result.

MO-PTS returns may be filed in conjunction with federal and state returns prepared for other reasons or they may be filed even when there is otherwise no need to file a state or federal tax return.

The following income items should be entered into the Federal Income Section of the tax return. Income items will be pulled automatically into the proper line of the Household Income Section of the MO-PTC form

- Wages from W-2s
- Federally taxed IRA /Pensions/RRB-1099 Tier 2 (Green)
- Social Security from SSA-1099 and RRB-1099 Tier 2 (Blue)
- Business Net Income from Schedule C or CEZ
- Unemployment Compensation
- Taxable Interests and Dividends

If there is NO Federal Adjusted Gross Income shown on the Federal Return when all the above information is considered, enter \$10 in Other Income, Other Income not Reported Elsewhere and label the income as MO-PTC. This is so a federal return will generate the filing.

Go to the Missouri Return, Credits Section, Property Tax Credit Information and make sure you click YES from the drop-down box and complete the Basic Information Section.

The following income items should be entered directly into the Household Income Section of the Missouri Return. Go to the Missouri return, Credits, Household Income and enter the information in the appropriate boxes.

- Supplement Security Income (SSI)
- VA benefits unless the disability is entirely from military service and is thus excluded.
- IRA's, Pension, and RRB-1099 Tier 2 (Green) to the extent not included in Federal Taxable Income (such as Roth distributions and amounts excluded using the simplified method)
- Missouri's Blind Pension
- Tax free interest and dividends
- Social Security benefits for minor children living in the household
- Child support and other temporary assistance

CAUTION: DO NOT GET SSI CONFUSED WITH SOCIAL SECURITY PAYMENTS.

NEVER ENTER SSI PAYMENTS RECEIVED BY TAXPAYERS IN THE FEDERAL SOCIAL SECURITY SECTION OF THE TAX RETURN AND VICE VERSA. SOCIAL SECURITY PAYMENTS ARE DOCUMENTED WITH A SSA-1099 WHETHER THE SOCIAL SECURITY PAYMENTS ARE FOR DISABILITY OR RETIREMENT. SSI PAYMENTS RECEIVED BY TAXPAYERS ARE DOCUMENTED BY AN ANNUAL LETTER RECEIVED FROM THE SOCIAL SECURITY ADMINISTRATION. SOME TAXPAYERS WILL RECEIVE TWO MONTHLY PAYMENTS; ONE FROM SOCIAL SECURITY AND A SECOND FROM SSI IF THE SOCIAL SECURITY PAYMENT IS LESS THAN THE SSI ANNUAL MAXIMUM AMOUNT. THE STATE OF MISSOURI KEEPS TRACK OF SOCIAL SECURITY AND SSI PAYMENTS SO IT CREATES ISSUES FOR THE TAXPAYER IF ENTRIES ARE NOT MADE ON THE PROPER LINES IN THE RETURN OR ARE MISSING.

Sometimes taxpayers misplace Social Security and/or SSI information. They can always get the information needed at a local social security office but it is sometime difficult to get appointments or request the information. Additionally annual SSI maximums are available on the Social Security website and people on full SSI all get the annual maximum if they receiving normal payments throughout the year. If they are a first year MO-PTC filer then it is likely they received a lump sum payment to catch them up from the effective date of the disability and that needs to come from Social Security. If we know the amount of Social Security earned the previous year and they continued receiving consistent payments for the entire current tax year, sometimes we can add the annual cost of living factor to last year Social Security payments and

back into the current year amount. If there were non-level and inconsistent Social Security payments then the information needs to come from Social Security,

Entering Real Estate Tax Information into TaxSlayer. Go to the Missouri Return, Credits Section, Property Tax Credit Information

- Select the County Issuing the Property Tax Receipt from the drop-down menu
- Enter the Total Property Taxes Paid in the appropriate box
- There is room for a second property if taxpayer lived in two locations during the year
- Taxpayers cannot claim a Property Tax Credit refund until the property tax has been paid. If filed late, interest and penalties cannot be included in the claim.
- Taxpayers will use real estate tax receipts and annual mortgage loan statements to document taxes paid from loan escrow accounts. Sometimes we will need to assist the taxpayer in locating real estate tax information. It is public information and can be looked up in the real estate assessment area of the Jackson County MO website as well as other counties in the area.

Entering Rental Information into TaxSlayer

Go to the Missouri Return, Credits Section, enter form CRP, then add Rent Paid to complete form CRP.

In completing form CRP consider the following information:

- The taxpayer MUST have the name, address and phone number of the landlord either on form 5674 or letter typed on landlord's letterhead. Rent receipts and handwritten letters are not acceptable. Any deviation from this documentation is at the discretion of the site coordinator as it is sometime difficult for the taxpayers to get the information needed from the landlord.
- If a taxpayer is renting property that is not subject to paying real estate taxes (i.e the property is owned by HUD) they are not entitled to the credit. This is very difficult if not impossible for us to ascertain as the government agencies administer housing vouchers with both public and privately owned properties. We should believe taxpayers unless we have tangible information to the contrary. If there is an issue, please consult with your site coordinator. Public Housing Developments (Riverview Gardens, Brush Creek Towers, Wayne Minor Court, Theron B. Watkins Homes, Guinotte Manor) are all owned by the Housing Authority of Kansas City and not eligible for the rent rebate.
- If the taxpayer lived in more than one location during the tax year, then there should be more than one form CRP used. TaxSlayer has been programmed with the ability to generate multiple form CRP's.

- Scan and upload the landlord letter, Form(s) 5674, or other approved rent document for each taxpayer into the appropriate area MO-PTC section of the Missouri return.

Taxpayers have a maximum of three years to claim Property Tax and Rental Credits. The tax filing year that ends April 15, 2026, will be the deadline for filing Property Tax Claims for the year 2022.

MISSOURI PUBLIC AND MILITARY PENSION AND SOCIAL SECURITY DISABILITY EXCLUSIONS

The State of Missouri provides exclusions from state taxable income certain pensions /social security benefits paid to taxpayers. In order for these exclusions to be realized, they must be entered directly into the Missouri state return in TaxSlayer.

- Public pensions are broadly defined and are federally taxable pensions from Federal, State and Local governmental organizations including but not limited to public school districts. This also includes payments from both defined benefit plans (pensions) and defined contribution plans which are 401k like but the payments are from public employee sources such as the Thrift Savings Plan for Federal Employees.
- Military pensions that are defined benefit plans are generally on 1099-R forms issued by the Defense Finance and Accounting Services. Military pensions that are defined contribution plans are on 1099-R forms issued by the Thrift Savings Plan
- Social Security Disability payments are reflected in annual SSA-1099 forms issued to Taxpayers by Social Security. Generally, if the taxpayer is receiving an SSA-1099 before normal retirement age beginning at age 62, it is for disability. Ask the taxpayer if uncertain.

If there are taxable pensions or social security on the Federal tax return, simply log into the Missouri return in the state section of TaxSlayer and you will be prompted to consider these exclusions. TaxSlayer will show you the total amount of taxable pensions/Social Security on the Federal return but you will have to determine how much is excluded for state taxes.

Be careful reviewing the 1099-Rs. Many public entities use private financial firms (such as Fidelity or others) to manage their benefit programs. The taxpayer is a great source to determine if it is a public pension, if you are unsure.

MISSOURI QUALIFIED HEALTH INSURANCE DEDUCTIONS

The state of Missouri allows taxpayers to deduct from state taxable income amounts paid for Health Insurance premiums without itemizing deductions. This does not include any health insurance paid with pre-tax dollars which would exclude employee payroll contributions to their health plans at work which are excluded from their W-2 wages and documented with Code W line 12 of the W-2s. This does include all Health insurance paid with after tax dollars and includes Medicare premiums, and health insurance purchased directly by taxpayers. This also includes health insurance purchased in the Healthcare.GOV individual marketplace but, if the insurance purchase is subsidized with Advanced Premium Tax Credits, the net amount paid by the taxpayer can be deducted from state income. The deductible amount can be determined by the form 1095-A provided by the Healthcare Marketplace to the Taxpayer by taking line 33A and subtracting line 33C.

Entering the Qualified Health Insurance Deduction in TaxSlayer.

- If the taxpayer is paying Medicare premiums as an offset to Social Security payment, the amount entered on the Medicare line in the SSA-1099 Section of the Federal Return will automatically pull to the appropriate place in the state form.
- All other health insurance (Medical, Dental, Vision, Medicare Supplement, etc.) paid by the taxpayer with after tax dollars, should be added up and included in the following place in the itemized deductions section of the Federal Return:
 - Federal Section, Deductions, Itemized Deductions, Medical and Dental Expenses, Medical and Dental Insurance

- The amount entered in the Medical and Dental Insurance Box of Federal Schedule A will automatically pull to an appropriate place in the state form.
- If a taxpayer with a pension still has access to health insurance from a former employer and contributes to the cost from a pension, those contributions are with after tax dollars and can be deducted and included in the Medical and Dental Insurance Box of Schedule A. The deductible amount is usually in box 5 of the 1099-R form.

MISSOURI LONG TERM CARE INSURANCE DEDUCTIONS

The state of Missouri allows taxpayers to deduct from state taxable income the full amount paid for Long Term Care Insurance Premiums without itemizing deductions. The policy has to provide for Long Term Care benefits that last at least 12 months.

Entering the Long-Term Care Insurance Premiums in TaxSlayer

- Go to Missouri Return, Other Deductions (State Specific Deductions), Long Term Care Insurance Deduction and complete the information.
- Select YES from the drop-down box if there was a policy covering 12 months. This question always needs to be answered if the taxpayer has a qualifying policy.
- If the taxpayer itemized medical deductions for Federal and State, Federal deductions for Long-Term Care Insurance premiums are limited by age and the amount allowed as a deduction is further limited by 7.5% of AGI exclusion for all medical expenses. In order to determine what to enter into line asking for the premium for this deduction there is a worksheet in the long-term care insurance premiums section of the MO-1040 instructions for what to enter into the State section TaxSlayer. The taxpayer cannot deduct long term insurance premiums a second time to the extent they are allowed as

an itemized deduction and this worksheet accounts for that and the remaining amount needed for a full deduction is calculated.

- If the taxpayer does not itemize their deductions or does not realize any net medical deduction if they do because of the AGI exclusion, then the full Long-Term Care insurance premiums should be entered into the box in the State section of TaxSlayer and not in Schedule A. This is where long term care insurance premiums are entered for the vast majority of VITA taxpayers

ASSISTING TAXPAYERS WITH ELECTRONIC FILING OF KANSAS CITY MO EARNING TAX RETURNS DIRECTLY WITH THE CITY OF KANSAS CITY, MO

There are two return types for Kansas City Earnings tax, for Wages and for Business Income (Schedule C), the tax rate for both types is 1% and apply to residents who live in Kansas City, MO (KCMO) regardless of where they work or have their business and to non-residents who work or do business in Kansas City, MO.

KCMO is no longer accepting paper filed earnings tax returns for either wages or business income (Schedule C) that in previous years were generated by volunteers from TaxSlayer. We still want to assist taxpayers in determining their KCMO earnings tax obligations and assist them in preparing and filing electronic returns as necessary on the KCMO website.

Information needed to prepare business returns are filed on RD-108 (KC Profits) and the Wage returns are filed on RD-109 (KC Wage). Both are still available to volunteers by Clicking "Localities" once in the Missouri State section of Tax Slayer if you feel you need or want to use them as work sheets before going to the KCMO website. You can also do what is needed on the KCMO site directly from the W-2(s) and Schedule (C). If using the TaxSlayer program please remember there are no joint returns and the software only reads primary taxpayer information. TaxSlayer instructions are below

Electronic RD-109 returns are needed only to the extent that Kansas City earnings tax has not been withheld from the taxpayer's W-2(s) or it is under withheld. RD-108 returns are needed

when there is a Schedule C in the return package. No returns are otherwise required by the city of Kansas City MO.

Electronic KCMO Returns (Both RD-108 and RD-109) can be completed filed on the KCMO website which are found at the following link:

https://quicktax.gentax.net/KCP/TAP/_/#1

Returns can be filed with an account or as a guest.

Considerations in completing RD-108 and RD-109 Returns:

- There are no joint returns. All returns are individual
- Please make sure that all income is from periods when the taxpayer actually lived/worked in KCMO. Lookout for out of the city addresses on W-2s and if the taxpayer moved into the city during the year. Remember the address on the return is where they live right now and our clients tend to move around the metro area.
- Please be careful with zip codes that auto fill Kansas City, MO when you enter the taxpayer in TaxSlayer. For example, they may live in Gladstone or Raytown but their mail goes through a KCMO post office. Make sure their tax returns accurately reflect where they live.
- In completing an RD-108 return, if the taxpayer does not live in KCMO but has Schedule C business income that includes work in KCMO but not all income was earned in KCMO, the earning tax needs to be prorated in the return. While the Schedule C net income is used for the earnings subject to the tax, income is always prorated based on gross receipts. So, for example 50% of the gross receipts came from KCMO work then there is a place to make that calculation so the 1% earning tax on the business income is reduced by 50%.

Using TaxSlayer information to create a worksheet to compute Earnings Tax information used in completing the electronic business return (RD-108):

- In the State Section click Localities, RD-108 KC Profits, General Information. The General Information needs to be filled out including the mailing address. No information is automatically pulled by TaxSlayer from the Basic Information section.
- Then Click the Net Income Section. Fill in the Gross Receipts amount from the Schedule C. Then Click Total Business Deductions and fill in the expense amounts from the Schedule C. Use Other Expense if there are Schedule C expense categories not listed in the RD-108. The net income on the RD-108 should equal the Schedule C net income. Again, no information is automatically pulled from by TaxSlayer from the Schedule C Section of TaxSlayer.

- If and only if the taxpayer is not a resident of Kansas City MO and part of the business revenues were generated outside of Kansas City, MO, Click Allocation Percentage and then go down and fill in the Gross Receipts from Kansas City MO and Total Gross Receipts. By doing this, it will prorate the net income based on Gross Receipts and lower the tax to 1% of the income allocable to Kansas City, MO. If for example 50% of the Gross Receipts were from Kansas City, MO then the Earnings Tax would be 50% of 1% of Net Income.
- Once input is complete, return to the first screen of the Missouri State Return Section of TaxSlayer then click on the Print Return button where you can scroll down to the RD-108 forms for review to make sure they are correct. When they are correct, print off a copy and use the information to complete the electronic return on the KCMO website.

Using TaxSlayer information to create a worksheet to compute Earnings Tax information used in completing the electronic wages return (RD-109):

- Click Localities, RD-109 KC Wage, General Information. The general Information has a drop-down box that needs to be set from NO to SELECT. All General information for the return is automatically pulled by TaxSlayer from the Basic Information section.
- If the proper earnings tax has not been withheld from a job, in order to get TaxSlayer to input the proper numbers into the form, the preparer needs to input the full Local Wages in Line 18 of the W-2, Line 19 is completed to the extent there is withholding or left blank and "KCMO" is entered into Line 20, Locality Name in the W-2 input screens for jobs where the tax has not been withheld or has been under withheld. If a Kansas job did not withhold earnings tax, a separate MO line needs to be created in the state section of the W-2. The MO state wages are 0 but the Locality area lines 18-20 need be filled as indicated in the previous sentence.
- Once input is complete, return to the first screen of the Missouri State Return Section of TaxSlayer then click on the Print Return button where you can scroll down to the RD-109 forms for review to make sure it is correct. When correct, print off a copy of the return and use it to complete the electronic RD-109 on the KCMO website.