



# *Having Fun with Taxes*

## *FM Verification and Conflicting Information*

### *2024-2025 Academic Year (2022 Base Year)*

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## Agenda

- What's New in 2022 Taxes?
- Coronavirus Related Distributions
- V1 Verification
- FAFSA Data on the 2022 Tax Forms

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## Changes from Tax Year 2021 to Tax Year 2022

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## Form 1040, Line 1 – 2021

2021

1 Wages, salaries, tips, etc. Attach Form(s) W-2 1

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- Includes Earned Income
  - Wages, salaries, some tips (Form W-2, box 1)
  - Tips not reported to an employer
  - Allocated tips (Form W-2, box 8)
  - Benefit reconciliations
    - Excess 401k/403b contributions
    - Taxable dependent care benefits
    - Taxable adoption benefits
- Household employee income even if no W-2 provided
- Foreign wages (no W-2)
- Prisoner income
- **And Unearned Income**
  - Taxable grants and scholarships
  - Disability pensions
  - Non-qualified retirement benefits from a 457 plan
  - Strike pay or lockout benefits

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# Form 1040 and Schedule 1 – 2022

**2021** Form 1040, line 1

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1
---	--	---

**2022** Form 1040

1a	Total amount from Form(s) W-2, box 1 (see instructions)	1a	
b	Household employee wages not reported on Form(s) W-2	1b	
c	Tip income not reported on line 1a (see instructions)	1c	
d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)	1d	
e	Taxable dependent care benefits from Form 2441, line 26	1e	
f	Employer-provided adoption benefits from Form 8839, line 29	1f	
g	Wages from Form 8919, line 6	1g	
h	Other earned income (see instructions)	1h	
i	Nontaxable combat pay election (see instructions)	1i	
z	Add lines 1a through 1h	1z	

**2022** Schedule 1

8	Other income:		
r	Scholarship and fellowship grants not reported on Form W-2	8r	
s	Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d	8s	
t	Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan	8t	
u	Wages earned while incarcerated	8u	

Line 8s was on Schedule 1, line 8z in 2021

Almost all earned income

Almost all unearned income

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# Form 1040, line 1h

1a	Total amount from Form(s) W-2, box 1 (see instructions)	1a	
b	Household employee wages not reported on Form(s) W-2	1b	
c	Tip income not reported on line 1a (see instructions)	1c	
d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)	1d	
e	Taxable dependent care benefits from Form 2441, line 26	1e	
f	Employer-provided adoption benefits from Form 8839, line 29	1f	
g	Wages from Form 8919, line 6	1g	
h	Other earned income (see instructions)	1h	
i	Nontaxable combat pay election (see instructions)	1i	
z	Add lines 1a through 1h	1z	

- What did not get its own line on Form 1040, line 1?
  - Strike or lockout benefits
  - Foreign wages not backed by a W-2
  - Certain retirement plan distributions reported on Form 1099-R
    - Excess elective deferrals
    - Corrective distributions from retirement plan
    - Disability pensions (paid to an individual who has not yet reached their regular retirement age)

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## Other Changes of Note

- Standard deductions (and the thresholds that trigger filing requirements) have increased, as usual, for inflation
  - The threshold for a person who can be claimed as a dependent on another person's tax return has increased (finally) from \$1,100 to \$1,150!
- The "Qualifying Widow(er)" tax filing status is now called the "Qualifying Surviving Spouse" status
- The above-the-line charitable deduction for those who do not itemize their deductions has expired
- There were no Recovery Rebate Credits in 2022

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## Coronavirus Related Distributions

- Taxpayers were allowed to withdraw up to \$100,000 from their IRAs or pensions in 2020 if the withdrawal was related to a coronavirus related financial hardship
  - The withdrawal was not subject to withholding or early withdrawal penalties
    - Taxable portions of the withdrawal are still taxable
  - Taxpayer reported  $\frac{1}{3}$  of the withdrawal on their 2020, 2021, and 2022 tax returns to spread the tax due out across three years *unless they opted to report it all on their 2020 tax return*
  - The taxpayer may refund their accounts within the three years after the withdrawal (a three-year rollover)
    - Taxpayers must amend their tax return to recover any tax paid for the withdrawal

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## 2020 CRDs on Three Returns

### ▪ Tax year 2020

4a	IRA distributions	4a		b	Taxable amount	4b	0
5a	Pensions and annuities	5a	90,000	b	Taxable amount	5b	30,000

Note: \$60,000 of untaxed income

- Note: some tax software will not include the total distribution values on lines 4a or 5a

### ▪ Tax year 2021

4a	IRA distributions	4a		b	Taxable amount	4b	0
5a	Pensions and annuities	5a		b	Taxable amount	5b	30,000

### ▪ Tax year 2022

4a	IRA distributions	4a		b	Taxable amount	4b	0
5a	Pensions and annuities	5a		b	Taxable amount	5b	30,000

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## 2020's Form 8915-E

Form <b>8915-E</b>	<b>Qualified 2020 Disaster Retirement Plan Distributions and Repayments</b>	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	<b>(Use for Coronavirus-Related and Other Qualified 2020 Disaster Distributions)</b>	<b>2020</b>
	Go to <a href="http://www.irs.gov/Form8915E">www.irs.gov/Form8915E</a> for instructions and the latest information.	Attachment Sequence No. <b>915</b>
	Attach to 2020 Form 1040, 1040-SR, or 1040-NR.	
Name. If married, file a separate form for each spouse required to file 2020 Form 8915-E. See instructions.	Your social security number	
Parent <input type="checkbox"/> One <input type="checkbox"/>	Home address (number and street, or P.O. box if mail is not delivered to your home)	Apt. no.
	10 Resort Way	
<b>Fill in Your Address Only if You Are Filing This Form by Itself and Not With Your Tax Return</b>	City, town or post office, state, and ZIP code. If you have a foreign address, also complete the spaces below. (see instructions)	If this is an amended return, check here <input type="checkbox"/>
	Dorchester MA 02124	
	Foreign country name	Foreign province/state/country
		Foreign postal code
<b>Before you begin:</b>		
<ul style="list-style-type: none"> <li>Complete 2020 Form 8915-D, Qualified 2019 Disaster Retirement Plan Distributions and Repayments, and 2020 Form 8915-C, Qualified 2018 Disaster Retirement Plan Distributions and Repayments, if applicable.</li> <li>If you completed Part I of 2020 Form 8915-D, or of 2020 Form 8915-C, see the Caution in Column (a) in the instructions to figure the amounts for column (a).</li> <li>See Table 1 in the instructions for the list of qualified 2020 disasters.</li> <li>If you are reporting distributions in Part I for more than one qualified 2020 disaster, see the instructions to determine whether you</li> </ul>		

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- Must be included with Form 1040 if the taxpayer withdrew funds as a CRD

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## 2020's Form 8915-E

<b>Part II Qualified 2020 Disaster Distributions From Retirement Plans (Other Than IRAs)</b>		
6	If you completed line 1, column (c), enter that amount. Otherwise, enter the amount from line 1, column (b)	90,000
7	Enter the applicable cost of distributions, if any. See instructions	
8	Subtract line 7 from line 6	90,000
9	If you elect NOT to spread the taxable amount over 3 years, check this box <input type="checkbox"/> and enter the amount from line 8 (see instructions). You must check this box if you check the box on line 17. Otherwise, divide line 8 by 3.0	30,000
10	Enter the total amount of any repayments you made before filing your 2020 tax return. But don't include repayments made later than the due date (including extensions) for that return. Don't use this form to report repayments of qualified 2016, 2017, 2018, or 2019 disaster distributions. See instructions	0
11	Amount subject to tax in 2020. Subtract line 10 from line 9. If zero or less, enter -0-. Include this amount in the total on 2020 Form 1040, 1040-SR, or 1040-NR, line 5b	30,000
For Privacy Act and Paperwork Reduction Act Notice, see your tax return instructions.		Form <b>8915-E</b> (2020)

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- Line 7 – Tax-exempt portion of the CRD
  - Line 4b or 5b will be 1/3 of (line 6 minus line 7)
- Line 10 – Repayments (redeposits)
  - Repayments made before a tax filing are considered repayments of taxable amounts within (or after) the tax year

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## Form 8915-F (2021 or Later)

<b>Form 8915-F</b> <small>(January 2022)</small> Department of the Treasury Internal Revenue Service	<b>Qualified Disaster Retirement Plan Distributions and Repayments</b> ▶ Go to <a href="http://www.irs.gov/Form8915F">www.irs.gov/Form8915F</a> for instructions and the latest information. ▶ Attach to Form 1040, 1040-SR, or 1040-NR.	<small>OMB No. 1545-0074</small>  <small>Attachment Sequence No. 915</small>
<small>Name. If married, file a separate form for each spouse required to file Form 8915-F. See instructions.</small>		<small>Your social security number</small>
<p><b>Before you begin (see instructions for details):</b></p> <ul style="list-style-type: none"> <li>Form 8915-F replaces Form 8915-E for 2021 and later years. Form 8915-E was used for coronavirus-related and other 2020 disaster distributions.</li> <li>Form 8915-F is also used for 2021 and later disaster distributions.</li> <li>See Appendix B in the instructions for the list of qualified disasters and their FEMA numbers for the year you check in item B next.</li> <li>"This year" (as used on this form) is the year of the form you check in item A next. For example, if you check 2021, "this year" is 2021.</li> </ul>		
<p><b>Complete items A and B below. Complete item C and check the box in item D for the coronavirus, as applicable.</b></p> <p><b>A Tax year for which you are filing form</b> (check only one box) ▶ <input type="checkbox"/> 2021 <input checked="" type="checkbox"/> 2022 <input type="checkbox"/> 2023 <input type="checkbox"/> 2024 <input type="checkbox"/> Other</p> <p><b>B Calendar year in which disaster occurred</b> (check only one box) ▶ <input checked="" type="checkbox"/> 2020 <input type="checkbox"/> 2021 <input type="checkbox"/> 2022 <input type="checkbox"/> 2023 <input type="checkbox"/> Other</p> <p><b>C FEMA number for each of your disasters for the year checked in item B above.</b> Use item D, not item C, for the coronavirus. (1) _____ (2) _____ (3) _____ (4) _____ (5) _____ (6) _____</p> <p><b>D If your disaster is the coronavirus, check this box</b> ▶ <input checked="" type="checkbox"/> Don't list the coronavirus in item C.</p>		

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- Form 8915-F tracks all disaster distributions with a tax impact in tax years 2021 and later

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## Form 8915-F (2021 or Later)

<small>Form 8915-F (1-2022)</small>		<small>Page 3</small>
<b>Part II Qualified Disaster Distributions From Retirement Plans (Other Than IRAs) for the Coronavirus and Disaster(s) Listed in Item C</b>		
8	Did you enter an amount on line 2, column (b)? <input checked="" type="checkbox"/> No. Skip lines 8 through 11, and go to line 12. <input type="checkbox"/> Yes. Enter the amount from line 2, column (b) . . . . .	8
9	Enter the applicable cost of distributions, if any. See instructions . . . . .	9
10	Subtract line 9 from line 8. This is the taxable amount of your other-than-IRA retirement plan qualified disaster distributions . . . . .	10
11	The entire taxable amount on line 10 will be spread over 3 years unless you elect to have it taxed in this year. If you elect NOT to spread the taxable amount over 3 years, check this box <input type="checkbox"/> and enter the amount from line 10 (see instructions). Otherwise, enter the amount from line 10 divided by 3.0. You must check the box on this line if you check the box on line 22 . . . . .	11
12	Enter the amount, if any, from Worksheet 2 in the instructions. This is your income for prior years from other-than-IRA retirement plan qualified disaster distributions . . . . .	12 30,000
13	Add lines 11 and 12. This is your total income this year from other-than-IRA retirement plan qualified disaster distributions . . . . .	13 0
14	<b>Total repayment.</b> Enter the amount, if any, from Worksheet 3. This is your total repayment for this year of other-than-IRA retirement plan qualified disaster distributions . . . . .	14 0
15	<b>Amount subject to tax this year.</b> Subtract line 14 from line 13. If zero or less, enter -0-. Include this amount in the total on line 5b of this year's Form 1040, 1040-SR, or 1040-NR. See instructions . . . . .	15 30,000

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- Form 8915-F, lines 12 (non-IRAs) or 23 (IRAs) is the amount of the 2020 CRD that is taxable in the year you are reviewing

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## CRDs and Professional Judgment

- Documentation of withdrawal
  - Form 8915-E (2020 only)
    - Documents that the withdrawal was a CRD and the taxpayer did not elect to report the entire taxable withdrawal on their 2020 tax return
  - Form 8915-F (2021 and 2022)
    - Documents the amount of income included in the 2021 or 2022 AGI (and possibly, untaxed income) that is residual income from the 2020 CRD
  - An explanation of why the taxpayer took the CRD
    - Follow your institution's policy for one-time income distributions if you have one. This may require you to collect more documentation than forms 8915-E and 8195-F
- Remember, professional judgments must be considered on a case-by-case basis, and identifying and documenting a case-specific reason or hardship to justify the PJ is necessary

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## 2024-2025 Verification Groups

		Tax Filers	Non-filers
V5 Aggregate Group	V1 Standard Group	<ul style="list-style-type: none"> <li>(a) Adjusted Gross Income (AGI)</li> <li>(b) <b>Income Earned From Work (new)</b></li> <li>(c) U.S. Income Tax Paid</li> <li>(d) Untaxed Portions of IRA Distributions</li> <li>(e) Untaxed Portions of Pensions</li> <li>(f) IRA Deductions and Payments</li> <li>(g) Tax Exempt Interest Income</li> <li>(h) Education Credits</li> <li>(i) <b>Foreign Income Exempt from Federal Taxation (new)</b></li> </ul>	<ul style="list-style-type: none"> <li>Income Earned from Work</li> </ul> <p>(this is a stand-in for making sure that the contributor was not required to file a return)</p>
	V4 Custom Group	<ul style="list-style-type: none"> <li>Family Size</li> </ul>	
		<ul style="list-style-type: none"> <li>Identity/Statement of Educational Purpose</li> </ul>	

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## 2024-2025 – FA-DDX Users

		Tax Filers	Non-filers
V5 Aggregate Group	V1 Standard Group	<ul style="list-style-type: none"> <li>The rollover component of (d) Untaxed Portions of IRA Distributions</li> <li>The rollover component of (e) Untaxed Portions of Pensions</li> </ul> <p>Items a through h, if transferred directly from the IRS and unchanged, do not need to be verified.</p> <ul style="list-style-type: none"> <li>(i) Foreign Income Exempt from Federal Taxation</li> </ul>	<ul style="list-style-type: none"> <li>Income Earned from Work</li> </ul> <p>(this is a stand-in for making sure that the contributor was not required to file a return)</p>
	V4 Custom Group	<ul style="list-style-type: none"> <li>Family Size <i>(only if the taxpayer manually reported a value)</i></li> </ul>	
		<ul style="list-style-type: none"> <li>Identity/Statement of Educational Purpose</li> </ul>	

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## Documenting Family Size

### Family Size

Since family size is based on the number of individuals listed and claimed on the IRS tax return, if transferred directly from the IRS and unchanged, family size does not need to be verified. However, when information is not transferred from the IRS, or if the applicant updated their family size when presented with the opportunity to do so on their FAFSA, the following documentation is sufficient for verification:

- A statement signed by the applicant and, if the applicant is a dependent student, by one of the applicant's parents, that lists the name and age of each family member for the 2024–25 award year and the relationship of that family member to the applicant.

▪ Family size must be verified only if it was manually entered **New!** by the applicant or contributor or *changed after the successful transfer of data from the IRS to the FAFSA*

- To verify a manually entered value, collect
  - A statement signed by the student and dependent student's parent listing each family member's
    - Name
    - Age
    - Relationship to the student

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## Documenting Tax Filer Income

- **FUTURE Act Direct Data Exchange (FA-DDX) Dataset\* OR**
- **A Tax Return Transcript from the IRS or a foreign or territorial tax authority OR**

**Required for Manually Entered Data**

- A signed copy of the tax return with all applicable schedules showing the tax account information of the contributor

Items a through h, if transferred directly from the IRS and unchanged, do not need to be verified. When information is not transferred from the IRS, and for item i, the following documentation is sufficient for verification:

- (1) A transcript<sup>1</sup> obtained at no cost from the IRS or other relevant tax authority of a U.S. territory (Guam, American Samoa, the U.S. Virgin Islands) or commonwealth (Puerto Rico and the Northern Mariana Islands), or a foreign government, that lists 2022 tax account information of the tax filer; or
- (2) A copy of the income tax return<sup>1</sup> and the applicable schedules<sup>1</sup> that were filed with the IRS or other relevant tax authority of a U.S. territory, or a foreign government that lists 2022 tax account information of the tax filer.

\*If the IRS provided the contributor's data through the FA-DDX, you do not need to collect additional documentation *unless the contributor entered a value for the IRA rollover, pension rollover, or foreign earned income exclusion*

<https://www.govinfo.gov/content/pkg/FR-2023-09-19/pdf/2023-20211.pdf>

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## Tax Return Signatures

- You may accept, as a signature
  - The taxpayer’s signature anywhere on Form 1040
    - A signature on Form 8879, authorizing an electronic tax filing, is not acceptable
  - The signature of one of the taxpayers who filed a joint tax return
  - A tax return that includes a tax preparer’s
    - Name and Preparer Taxpayer Identification Number (PTIN)
    - Name, address, and Social Security Number (SSN) or Employer Identification Number (EIN)
- The signature can be
  - A wet signature on the paper copy of the tax form you receive
  - A copied signature on a paper or electronic tax form you receive
  - A tax return with a signature generated by a stylus
  - A tax return with an image of the taxpayer’s signature

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## Form 1040 Preparer Indicators

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
Joint return? See instructions. Keep a copy for your records.	Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
	Spouse's signature. If a joint return, both must sign.	Date	Educator Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
	Phone no. 617-617-6176	Email address	Self-employed	
<b>Paid Preparer Use Only</b>	Preparer's name <b>1</b>	Preparer's signature	Date	PTIN <b>2</b> Check if <input type="checkbox"/> Self-employed
	Firm's name <b>5</b>			
	Firm's address <b>3</b>			Phone no.
				Firm's EIN <b>4</b>
Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.				Form <b>1040</b> (2022)

- 1** The preparer’s name must appear on the tax return
  - The firm’s name is not acceptable
- 2** The PTIN is located here
  - If the PTIN is not listed, then the address **3** and the Employer Identification Number (EIN) **4** must be listed instead
  - The firm’s name **5** cannot be used in place of the preparer’s name

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## Verifying Rollovers

Qualified rollovers from one retirement account to another are not taxable, and they should not be counted as untaxed income (Untaxed portions of IRA distributions (d) or Pensions (e) above). Since neither a tax transcript nor FTI transferred via the FA-DDX identifies rollovers, you must get documentation from the tax filer. This could be a signed statement with the rollover amount or a notation by the filer on the tax transcript or return that includes the word "rollover" beside any applicable item, like the instruction the IRS gives for Form 1040. The annotation must be signed and dated by the filer. See VI-Q4 on the [Q and A page](#).

- If the contributor reported a rollover for either their untaxed IRA distribution or their untaxed pension distribution (or both)
  - Collect a signed and dated statement confirming the amount(s) of the rollover(s) **OR**
  - A tax return or tax return transcript with the "rollover" notation next to the value on the return/transcript of the rollover\*
    - The tax return/transcript can only be used to verify an answer that matches the tax return. If the tax return appears to conflict with the reported rollover value, you should collect the signed statement

\*Remember, this must be signed and dated by the taxpayer

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## Verifying Rollovers – Examples

4a	IRA distributions <b>ROLLOVER</b>	<b>4a</b>	465,910	<b>b</b>	Taxable amount	<b>4b</b>	0
5a	Pensions and annuities	<b>5a</b>	11,750	<b>b</b>	Taxable amount	<b>5b</b>	9,800

Data is verified

- ISIR Rollover value equals rollover value on tax return
  - IRA distribution (from FA-DDX) \$465,910
  - Rollover (reported manually) \$465,910

Reported rollover value is consistent with verification document (tax return) and if the tax return is signed and dated by the taxpayer, the rollover value can be considered verified

Data is not verified

- ISIR Rollover value does not equal rollover value on tax return
  - IRA distribution (from FA-DDX) \$465,910
  - Rollover (reported manually) \$400,000

The tax return cannot be used as a verification document in this case, and a signed and dated statement from the taxpayer indicating the actual size of the rollover is required

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## Individuals on a Joint Return

### Joint Return Filers Who Are No Longer Married

When a student, or parents of a dependent student, filed a joint return and have separated, divorced, married someone else, or been widowed, the student must submit the following:

- A transcript obtained from the IRS or other relevant tax authority that lists 2022 tax account information of the tax filer(s); **or**
- A copy of the income tax return and the applicable schedules that were filed with the IRS or other relevant tax authority that lists 2022 tax account information of the tax filer(s); **and**
- A copy of IRS Form W-2 for each source of 2022 employment income received or an equivalent document.

- **Collect**

- A Tax Return Transcript from the IRS or a foreign or territorial tax authority

**OR**

A signed copy of the tax return with all applicable schedules showing the tax account information of the contributor

**AND**

- A copy of the W-2s (or equivalent documents) for each source of 2022 employment income received by the FAFSA contributor
- Data in the ISIR will have been entered manually as the FA-DDX cannot split in individual's income out of a joint return

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## Tax Deadline Extenders

For an individual who is required to file a 2022 IRS income tax return and has been granted a filing extension by the IRS beyond the automatic six-month extension for tax year 2022 the student must submit the following:

- A signed statement listing the sources of **any 2022 income and the amount of income from each source;**
- A copy of the IRS's approval of an extension beyond the automatic six-month extension for tax year 2022;
- A copy of IRS Form W-2 for each source of 2022 employment income received or an equivalent document; and
- If self-employed, the signed statement must indicate the amount of estimated AGI and U.S. income tax paid for tax year 2022.

**Note**

**Start here!**

- If the contributor cannot provide a tax return or tax return transcript because they have not yet filed a tax return (but is required to do so), **collect**

- A copy of the IRS's approval of an extension beyond October 15, 2023
- A signed statement indicating the sources and amounts of **any 2022 income**
- W-2s (or equivalent) for each source of earned income
- If self-employed, a signed statement estimating their AGI and U.S. income tax paid

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## Military and Disaster Extenders

- If a **serviceperson** has not filed their 2022 tax return for reasons directly related to their service during a war, military operation, or national emergency, in lieu of confirmation from the IRS that they have been granted a post October 15 extension, collect
  - A statement certifying that they have not filed a return or asked for an extension because of their service

For a person called up for active duty or qualifying National Guard duty during a war, another military operation, or a national emergency, a school must accept a statement from the person certifying that they have not filed an income tax return or a request for a filing extension because of that service.

- If the IRS has provided a **blanket extension for a disaster in the area in which a contributor lives**, you do not need an individual extension approval letter from the IRS
  - See <https://www.irs.gov/newsroom/tax-relief-in-disaster-situations> for a comprehensive list of blanket extensions

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## Amended or Changed Returns

### 2023-2024

- IRS DRT transfers data from original tax return and includes only IRS processing corrections
- IRS Request Flag 07
- FAA must treat 07 code and contributor reports that they amended their return as conflicting information

### 2024-2025

- FA-DDX transfers data from amended or changed tax returns that were processed before the contributor provided FAFSA consents
- No indicator that the return was changed or amended
- FAA will only learn that a tax return was amended or changed if a contributor reports it to the institution

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## Amended or Changed Returns

- If you learn from the applicant or a contributor that the tax return had been amended or changed, collect:
  - Data from the amended or changed tax return
    - Form 1040-X (and applicable schedules)
    - Documentation from the IRS showing the changes made to the return
  - Data from the original tax return
    - “Updated income and tax information from an ISIR record with all tax information from the original tax return”
    - IRS Tax Return Transcript
    - Signed copy of the 2022 Form 1040 and applicable schedules

- Updated income and tax information from the IRS on an ISIR record with all tax information from the original tax return;
- A transcript obtained from the IRS that lists 2022 tax account information of the tax filer(s); or
- A signed copy of the 2022 IRS Form 1040 and the applicable schedules that were filed with the IRS.

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## Amended or Changed Returns

Students or parents who file an amended return (IRS Form 1040X) and provide consent and approval to retrieve FTI via the FA-DDX will have their amended information transferred to the FAFSA form if (in most cases) the amended return was processed before the FAFSA was completed. Applicants or contributors unable to provide FTI via the FA-DDX may submit a signed copy of the 1040X form that was filed and one of the following documents to complete verification:



- Updated income and tax information from the IRS on an ISIR record with all tax information from the original tax return;
- A transcript obtained from the IRS that lists 2022 tax account information of the tax filer(s); or
- A signed copy of the 2022 IRS Form 1040 and the applicable schedules that were filed with the IRS.

Because the tax return transcript does not reflect changes to the original return by the filer or the IRS, it is, by itself, not sufficient.

- **Note:** the word “updated” in this guidance suggests that a second FA-DDX transfer *might be possible*, but the wording of the whole phrase includes “original”, which makes the intention of this phrase unclear

2024-2025 Application and Verification Guide, page 50

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## Tax-related Identity Theft

- The FA-DDX will not transfer data from the IRS if the contributor's account has been impacted by tax-related identity theft
  - This restriction applies only to victims of tax-related identity theft
- The IRS works with tax-related identity theft victims through its Identity Protection Specialized Unit (IPSU) which can be reached (by taxpayers) at 1-800-908-4490

***If you are not aware that a contributor is a victim of tax-related identity theft, then you do not need to treat them any differently from other contributors who manually provided tax data***

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## Tax-related Identity Theft

- If you know that a contributor is a victim of tax-related identity theft, collect
  - The Tax Return DataBase View transcript (TRDBV)\* (from IPSU)
  - A signed and dated statement by the tax filer indicating that
    - They are a victim of tax-related identity theft
    - That the IRS knows they have been a victim of tax-related identity theft

### Victims of Tax-Related Identity Theft

These individuals cannot get a return transcript or have their FTI transferred via the FA-DDX. Instead, they may submit the following:

- A Tax Return DataBase View (TRDBV) transcript obtained from the IRS; and
- A statement signed and dated by the tax filer indicating that they were a victim of IRS tax-related identity theft and that the IRS has been made aware of the tax-related identity theft.

\*See the AVG if the contributor has made a good faith effort to obtain a TRDBV but was unable to do so. 2024-2025 Application and Verification Guide, page 50

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## V-1 Verification in 2024-2025 Non-filers

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## Non-filers & the 2024-2025 FAFSA

### Non-filers Subject to IRS or US Territory Authority

- No income earned from work will be reported
- The number in family will have been manually entered

### Foreign and Nonresident Non-filers

- The income section of the FAFSA *should have been completed* as though the individual filed a tax return
  - The ISIR will be rejected if any answer is left blank

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## Non-filers & the 2024-2025 FAFSA

- A non-filer's income earned from work is not a factor in the calculation of the Student Aid Index (SAI)
- We are really verifying the answer to the question "Did or will [the contributor] file a 2022 IRS Form 1040...?"

**37 Parent Tax Filing Status** [See Notes page 22.]

Did or will the parent file a 2022 IRS Form 1040 or 1040-NR?  Yes  No

If the answer is "No," indicate which one of the following situations applies to the parent for 2022:  
 ▶ If one of the options in the second column below is selected and the parent is unmarried, questions 38-40 can be skipped.

<input type="radio"/> The parent filed or will file a tax return with Puerto Rico or U.S. territory.	<input type="radio"/> The parent, even though they earned income in the U.S., did not and will not file a U.S. tax return because their income was below the tax filing threshold.
<input type="radio"/> The parent filed or will file a foreign tax return.	<input type="radio"/> The parent did not and will not file a U.S. tax return for reasons other than low income.
<input checked="" type="radio"/> The parent either earned income in a foreign country but did not and will not file a foreign tax return, or worked for an international organization and was not required to report income on any tax return. <small>International organizations include, for example, the United Nations, World Bank, and International Monetary Fund.</small>	<input type="radio"/> The parent did not and will not file any tax return because they did not earn any income.

**Should have filled out the income section of the FAFSA manually**

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2024-2025 Free Application for Federal Student Aid (FAFSA)

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## Why Verify Non-filers?

The collection of documentation to verify income earned from work is used to determine if the applicant (and the applicable spouse or parent) was required to file a U.S. income tax return for the 2022 tax year.

- The ISIR will not have an income earned from work value to verify
  - We are really verifying the answer to the "did or will you file an IRS Form 1040 or Form 1040-NR?" question
- For foreign non-filers, you will collect information to verify the income information provided, as they will have been instructed to complete the income section of their section of the FAFSA
  - You do not need to confirm that an individual not subject to US tax rules was not required to file a tax return

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Application and Verification Guide, 2024-2025, page 45

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## Non-filers: V1 Documentation

Federal Register and <i>Better FAFSA</i> , <i>Better Future</i> Webinars, and <i>AVG</i> *	<i>AVG</i> * and <i>Selected Verification Text</i>
<p><b>This is correct</b></p> <ul style="list-style-type: none"> <li>A signed statement indicating that the contributor did not file a tax return and <b>was not required to file a tax return</b></li> <li>“The sources and amounts of <b>earnings, other income, and resources</b> that supported the individual(s) for the 2022 tax year”</li> </ul>	<ul style="list-style-type: none"> <li>“The sources and amounts of the person’s <b>income earned from work</b> not found on W-2s”</li> </ul>
<ul style="list-style-type: none"> <li>Copies of W-2s or an equivalent document for each source of 2022 employment income</li> <li>A <i>Verification of Nonfiling Letter</i> dated after October 1, 2023, from non-filers not subject to the IRS, <b>from non-IRS tax authorities</b> <ul style="list-style-type: none"> <li>Note: the <i>AVG</i> excludes US non-filers from this requirement in the chart on pages 44-45, but includes them in the text on page 48</li> </ul> </li> </ul>	

\*Application and Verification Guide

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## Income to be Verified (???)

- Federal Register**
  - (b) The sources and amounts of **earnings, other income, and resources** that supported the individual(s) for the 2022 tax year;
- Application and Verification Guide*, pages 44-45
- b. The sources and amounts of **earnings, other income, and resources** that supported the individual(s) for the 2022 tax year;
- Application and Verification Guide*, page 48
- For non-tax filers** you must request a W-2 form for each source of 2022 employment income and a signed statement certifying that the person has not filed and is not required to file a 2022 tax return. You must also get a signed statement giving the sources and amounts of the person’s **income earned from work not found on W-2s**. Students may sign on a nonfiling spouse’s behalf.
- Suggested Verification Text**

The student and/or spouse were employed in 2022 and have listed below the names of all employers, the amount earned from each employer in 2022, and whether an IRS W-2 form or an equivalent document is provided. [Provide copies of all 2022 IRS W-2 forms issued to the student and spouse by their employers]. List every employer even if the employer did not issue an IRS W-2 form.

This was addressed in the January 18, 2024, Winter Q and A 1 webinar provided by ED

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## Non-filers Without Tax IDs

- If a contributor to a selected application has neither a Social Security Number (SSN) or an Individual Taxpayer Identification Number (ITIN), then you must also collect a signed statement from them stating that they do not have these, or an Employer Identification Number (EIN)

(2) For individuals without a Social Security number (SSN), Individual Taxpayer Identification Number (ITIN), or Employer Identification Number (EIN), that they do not have an SSN, ITIN, or EIN;

- *Since the ISIR has a field for the ITIN, you will be able to identify contributors who do not have either an SSN or an ITIN*

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## When Contributors Cannot Provide Required Documentation

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## Unavailable W-2s

- Missing W-2s
  - Contributors must attempt to obtain a W-2 from their employer and a Wage and Income Transcript from the IRS before you can move forward with verification.
  - If you have no reason to doubt that they made a good faith effort to obtain the W-2, you can accept, instead
    - **A signed statement that includes the amount of income earned from work, the source of that income, and the reason the W-2 was not available in a timely manner**

If an individual who is required to submit an IRS Form W-2 did not save a copy, they should request a replacement W-2 from the employer who issued the original. A W-2 transcript from the IRS is also acceptable though it generally is not available until the year after the W-2 information is filed with the IRS (e.g., 2024 for 2022 information filed in 2023). If they are unable to obtain one in a timely manner, you may permit them to provide a signed statement that includes the amount of income earned from work, the source of that income, and the reason why the W-2 is not available in a timely manner.

*Application and Verification Guide, 2024-2025, page 45*

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## Unavailable Tax Returns

- If the contributor did not save (or lost) a copy of their tax return and is unable to get a tax return transcript from the IRS, you may accept, in lieu of these documents
  - A signed statement
    - **Indicating that they did not keep a copy of their tax information**
    - **Documentation from the taxing authority indicating that the information cannot be located**
  - W-2s for each source of employment income, or a wage and income transcript from the IRS
  - If self-employed, a signed statement certifying their AGI and taxes paid

If a person did not retain a copy of their 2022 tax information and it cannot be located by the IRS or the relevant government agency, they must submit a signed statement indicating that they did not keep a copy of their tax information as well as documentation from the taxing authority indicating that the information cannot be located. Also, you must accept for an IRS filer either a copy of Form W-2 for each source of employment income received for 2022 or, if they are self-employed, a signed statement certifying the amount of AGI and taxes paid. For someone who filed an income tax return with a government of a U.S. territory or commonwealth or a foreign central government, accept a copy of a wage and tax statement or a signed statement certifying the amount of AGI and taxes paid for 2022.

*Application and Verification Guide, 2024-2025, page 46*

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## Difficulty Getting a VNF

- You can waive the requirement that a non-filer not subject to the IRS's authority obtain a government provided VNF if you have *no reason to doubt that they made a good faith* effort to obtain one. Instead, you can collect a signed statement, dated after October 1, 2023, that includes
  - That the non-filer attempted to obtain a VNF
  - That they were unable to obtain a VNF
- Also collect
  - The standard non-filer statement that states they were not required to file a tax return and did not file a tax return
  - The statement of sources and amounts earned, other income, and sources of support
    - If they are self-employed, their AGI and income tax paid
  - W-2s and other required documents

## Unobtainable VNF

**Individuals who can't get a VNF letter** from the applicable non-U.S. tax authority may instead submit a signed statement if the school has no reason to question the student's or family's good-faith effort to acquire the letter. Since a VNF must be dated on or after October 1, 2023, the statement cannot be signed and used before that date.

The statement must assert that the person attempted but was unable to get the VNF. For non-tax filers, the statement must also confirm that they have not filed and are not required to file a tax return for the relevant year, and it must list the sources and amounts of income earned from work. For extension filers, the statement must also confirm that they have not yet filed a return for the tax year and must list the sources and amounts of income; if they are self-employed, it must include the amount of AGI and U.S. income tax paid. Note that in both cases — for non-tax filers and extension filers — the other required documentation (e.g., W-2 forms) must still be provided.

- This applies to both non-filers and tax extenders who are required to obtain a *Verification of Nonfiling Letter*
  - Independent students and parents of dependent student
  - Those not subject to the IRS's authority


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## Verification Items on Form 1040 and Schedules 1, 2, and 3

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## Form 1040, Page 1

<b>1a</b> Total amount from Form(s) W-2, box 1 (see instructions) . . . . .		<b>1a</b> 57,574	
<b>b</b> Household employee wages not reported on Form(s) W-2 . . . . .		<b>1b</b>	
<b>c</b> Tip income not reported on line 1a (see instructions) . . . . .		\$	
<b>d</b> Medicaid waiver payments not reported on Form(s) W-2 (see instructions) . . . . .		\$	
<b>e</b> Taxable dependent care benefits from Form 2441, line 26 . . . . .		\$	
<b>f</b> Employer-provided adoption benefits from Form 8839, line 29 . . . . .		\$	
<b>g</b> Wages from Form 8919, line 6 . . . . .		\$	
<b>h</b> Other earned income (see instructions) . . . . .		<b>1h</b> 0	
<b>i</b> Nontaxable combat pay election (see instructions) . . . . .		<b>1i</b>	
<b>z</b> Add lines 1a through 1h . . . . .		<b>1z</b> 57,574	
<b>2a</b> Tax-exempt interest . . . . .	<b>2a</b> 0	<b>b</b> Taxable interest . . . . .	<b>2b</b> 162
<b>3a</b> Qualified dividends . . . . .	<b>3a</b> 0	<b>b</b> Ordinary dividends . . . . .	<b>3b</b> 0
<b>4a</b> IRA distributions . . . . .	<b>4a</b> 42,000	<b>b</b> Taxable amount . . . . .	<b>4b</b> 0
<b>5a</b> Pensions and annuities . . . . .	<b>5a</b> 23,723	<b>b</b> Taxable amount . . . . .	<b>5b</b> 0
<b>6a</b> Social security benefits . . . . .	<b>6a</b>	<b>b</b> Taxable amount . . . . .	<b>6b</b>
<b>7</b> . . . . .	<b>7</b>	<b>7</b> . . . . .	<b>7</b> 0
<b>8</b> . . . . .	<b>8</b>	<b>8</b> . . . . .	<b>8</b> -30,228
<b>9</b> Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b> . . . . .	<b>9</b>	<b>9</b> . . . . .	<b>9</b> 27,508
<b>10</b> Adjustments to income from Schedule 1, line 26 . . . . .	<b>10</b>	<b>10</b> . . . . .	<b>10</b> 87
<b>11</b> Subtract line 10 from line 9. This is your <b>adjusted gross income</b> . . . . .	<b>11</b>	<b>11</b> . . . . .	<b>11</b> 27,421

If the student was selected for V1 Verification, we may need a signed statement confirming the value of the rollover on lines 4 or 5

Tax exempt interest income

\$

IRS Form 1040, line 2a

Adjusted gross income

\$

IRS Form 1040 (or 1040-NR) line 11

Income earned from work

\$

IRS Form 1040 (or 1040-NR) line 7 + Schedule 1, lines 3 + 6

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# Form 1040, Page 2

Income tax paid  
\$ [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]  
IRS Form 1040: line 22 minus Schedule 2, line 2. If negative, enter a zero.

Form 1040 (2022)		Page 2	
<b>Tax and Credits</b>	<b>16</b> Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	<b>16</b>	150
	<b>17</b> Amount from Schedule 2, line 3	<b>17</b>	0
	<b>18</b> Add lines 16 and 17	<b>18</b>	150
	<b>19</b> Child tax credit or credit for other dependents from Schedule 8812	<b>19</b>	
	<b>20</b> Amount from Schedule 3, line 8	<b>20</b>	150
	<b>21</b> Add lines 19 and 20	<b>21</b>	150
	<b>22</b> Subtract line 21 from line 18. If zero or less, enter -0-	<b>22</b>	0
	<b>23</b> Other taxes, including self-employment tax, from Schedule 2, line 21	<b>23</b>	173
	<b>24</b> Add lines 22 and 23. This is your <b>total tax</b>	<b>24</b>	173
<b>Payments</b>	<b>25</b> Federal income tax withheld from:		
	<b>a</b> Form(s) W-2	<b>25a</b>	3,975
	<b>b</b> Form(s) 1099	<b>25b</b>	0
	<b>c</b> Other forms (see instructions)	<b>25c</b>	1,475
	<b>d</b> Add lines 25a through 25c	<b>25d</b>	5,450
	<b>26</b> 2022 estimated tax payments and amount applied from 2021 return	<b>26</b>	0
	<b>27</b> Earned income credit (EIC)	<b>27</b>	
	<b>28</b> Additional child tax credit from Schedule 8812	<b>28</b>	
	<b>29</b> American opportunity credit from Form 8863, line 8	<b>29</b>	1,000

Did the parent receive the earned income credit (EIC)?  Yes  No  Don't know  
IRS Form 1040: line 27

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Not a Verification item, but a value on line 27 indicates the taxpayer received the earned income credit

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# Income Tax for 2022

Income tax paid  
\$ [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]  
IRS Form 1040: line 22 minus Schedule 2, line 2. If negative, enter a zero.

Form 1040 (2022)		Page 2	
<b>Tax and Credits</b>	<b>16</b> Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	<b>16</b>	150
	<b>17</b> Amount from Schedule 2, line 3	<b>17</b>	0
	<b>18</b> Add lines 16 and 17	<b>18</b>	150
	<b>19</b> Child tax credit or credit for other dependents from Schedule 8812	<b>19</b>	
	<b>20</b> Amount from Schedule 3, line 8	<b>20</b>	150
	<b>21</b> Add lines 19 and 20	<b>21</b>	150
	<b>22</b> Subtract line 21 from line 18. If zero or less, enter -0-	<b>22</b>	0
	<b>23</b> Other taxes, including self-employment tax, from Schedule 2, line 21	<b>23</b>	173
	<b>24</b> Add lines 22 and 23. This is your <b>total tax</b>	<b>24</b>	173

SCHEDULE 2 (Form 1040)		Additional Taxes		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, or 1040-NR.		2022	
Name(s) shown on Form 1040, 1040-SR, or 1040-NR		Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.		Attachment Sequence No. 02	
One Parent		Your social security number		234-34-5456	
<b>Part I Tax</b>					
<b>1</b>	Alternative minimum tax. Attach Form 6251	<b>1</b>	0		
<b>2</b>	Excess advance premium tax credit repayment. Attach Form 8962	<b>2</b>			
<b>3</b>	Add lines 1 and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17	<b>3</b>	0		
<b>Part II Other Taxes</b>					
<b>4</b>	Self-employment tax. Attach Schedule SE	<b>4</b>	173		

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# Schedule 3, Page 1

<b>SCHEDULE 3</b> (Form 1040)		<b>Additional Credits and Payments</b>		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, or 1040-NR. Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.		<b>2022</b> Attachment Sequence No. <b>03</b>
Name(s) shown on Form 1040, 1040-SR, or 1040-NR One Parent			Your social security number 234-34-5456	
<b>Part I Nonrefundable Credits</b>				
1	Foreign tax credit. Attach Form 1116 if required	1	0	
2	Credit for child and dependent care expenses from Form 2441, line 11. Attach Form 2441	2		
3	Education credits from Form 8863, line 19	3	1.50	

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Education credits  
(American Opportunity and Lifetime Learning credits)

\$

IRS Form 1040 Schedule 3, line 3



Do You Need Schedules 1, 2, or 3?

## Schedule 1, Part I

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, or 1040-NR. Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.		2022	
Name(s) shown on Form 1040, 1040-SR, or 1040-NR One Parent		Your social security number 234-34-5456		Attachment Sequence No. 01	
<b>Part I Additional Income</b>					
1	Taxable refunds, credits, or offsets of state and local income taxes	1			0
2a	Alimony received	2a			
b	Date of original divorce or separation agreement (see instructions)				
3	Business income or (loss). Attach Schedule C	3		1,222	
4	Other gains or (losses). Attach Form 4797	4			
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5			
6	Farm income or (loss). Attach Schedule F	6		0	
7	Unemployment compensation	7			
<b>Other income:</b>					
a	Net operating loss	8a		0	
b	Gambling	8b		14,750	
c	Cancellation of debt	8c			
d	Foreign earned income exclusion from Form 2555	8d		46,200	
f	Scholarship and fellowship grants not reported on Form W-2	8f		0	
g	Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d	8g		0	
h	Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan	8h		0	
i	Wages earned while incarcerated	8i		0	
z	Other income. List type and amount:	8z		0	
9	Total other income. Add lines 8a through 8z	9		81,450	
10	Total. Add lines 1 through 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 9	10		-30,228	

Verification items are included on Schedule 1, line 10, you must review Schedule 1 if Form 1040, line 8 shows a value

FAFSA data but not a verification item

To Form 1040, line 8

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## Schedule 1, Part II

Schedule 1 (Form 1040) 2022		Page 2	
<b>Part II Adjustments to Income</b>			
11	Educator expenses	11	0
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12	0
13	Health savings account deduction. Attach Form 8889	13	0
14	Moving expenses for members of the Armed Forces. Attach Form 3903	14	0
15	Deductible part of self-employment tax. Attach Schedule SE	15	87
16	Self-employed SEP, SIMPLE, and qualified plans	16	0
17	Self-employed health insurance deduction	17	0
18	Penalty on early withdrawal of saving	18	0
19a	Alimony paid	19a	0
b	Recipient's SSN		
c	Date of original divorce or separation		
20	IRA deduction	20	0
j	Housing deduction from Form 2555	24j	0
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k	0
z	Other adjustments. List type and amount:	24z	0
25	Total other adjustments. Add lines 24a through 24z	25	0
26	Add lines 11 through 22 and 25. These are your adjustments to income. Enter here and on Form 1040 or 1040-SR, line 10, or Form 1040-NR, line 10a	26	87

No longer treated as untaxed income

To Form 1040, line 10

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## Schedule 1 on Form 1040

- If either Form 1040, line 8 or line 10 have a non-zero value, you must review Schedule 1

1a	Total amount from Form(s) W-2, box 1 (see instructions)	1a	57,574
1b	Household employee wages not reported on Form(s) W-2	1b	
1c	(see instructions)	1c	
1d	reported on Form(s) W-2 (see instructions)	1d	
1e	from Form 2441, line 26	1e	
1f	benefits from Form 8839, line 29	1f	
1g		1g	
1h	(see instructions)	1h	0
1i	Nontaxable combat pay election (see instructions)	1i	
z	Add lines 1a through 1h	1z	57,574
2a	Tax-exempt interest	2a	0
2b	Taxable interest	2b	162
3a	Qualified dividends	3a	0
3b	Ordinary dividends	3b	0
4a	IRA distributions	4a	42,000
4b	Taxable amount	4b	0
5a	Pensions and annuities	5a	23,723
5b	Taxable amount ROLLOVER	5b	0
6a	Social security benefits	6a	
6b	Taxable amount	6b	
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here	7	0
8	Other income from Schedule 1, line 10	8	-30,228
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	27,508
10	Adjustments to income from Schedule 1, line 26	10	87
11	Subtract line 10 from line 9. This is your adjusted gross income	11	27,421

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## Schedule 2, Part I

<b>SCHEDULE 2</b> (Form 1040)		<b>Additional Taxes</b>		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, or 1040-NR. Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.		<b>2022</b> Attachment Sequence No. <b>02</b>
Name(s) shown on Form 1040, 1040-SR, or 1040-NR One Parent			Your social security number 234-34-5456	
<b>Part I Tax</b>				
1	Alternative minimum tax. Attach Form 6251	1	0	
2	Excess advance premium tax credit repayment. Attach Form 8962	2		
3	Add lines 1 and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17	3	0	
<b>Part II Other Taxes</b>				
4	Self-employment tax. Attach Schedule SE	4	173	
5	Social security and Medicare tax on unreported tip income. Attach Form 4137	5	0	

- If there is a value other than 0 on Form 1040, line 17, you must review Schedule 2
  - No items on Schedule 2, Part I, can be negative, so 0s and blanks on Form 1040, line 17 both mean there is no Schedule 2

Verification Item

To Form 1040, line 17

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## Schedule 3, Part 1

SCHEDULE 3 (Form 1040)		Additional Credits and Payments		OMB No. 1545-0074 <b>2022</b> Attachment Sequence No. <b>03</b>	
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, or 1040-NR. Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.			
Name(s) shown on Form 1040, 1040-SR, or 1040-NR One Parent			Your social security number 234-34-5456		
<b>Part I Nonrefundable Credits</b>					
1	Foreign tax credit. Attach Form 1116 if required	1		0	
2	Credit for child and dependent care expenses from Form 2441, line 11. Attach Form 2441	2			
3	Education credits from Form 8863, line 19	3		150	
4	Retirement savings contributions credit. Attach Form 8880	4		0	
5	Residential energy credits. Attach Form 5695	5			
8	Add lines 1 through 5 and 7. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 20	8		150	

(continued on page 2)

For Paperwork Reduction Act Notice, see your tax return instructions. Schedule 3 (Form 1040) 2022

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To Form 1040, line 20

- Treat 0s on Form 1040, line 20 as though they were blanks

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## Schedules 2 & 3 on Form 1040

Form 1040 (2022)		Page 2	
16	Tax (see instructions). Check if any from Forms: <input type="checkbox"/> 9914 <input type="checkbox"/> 4972 <input type="checkbox"/>	16	150
17	Amount from Schedule 2, line 3	17	0
18	Add lines 16 and 17	18	150
19	Child tax credit or credit for other dependents from Schedule 8812	19	
20	Amount from Schedule 3, line 8	20	150
21	Add lines 19 and 20	21	150
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	0
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	173
24	Add lines 22 and 23. This is your total tax	24	173
<b>Payments</b>			
Federal income tax withheld from:			
a Form(s) W-2			
25a		25a	3,375
25b		25b	0
25c		25c	1,475
25d		25d	5,450
26		26	0
27		27	
28		28	
29	American opportunity credit from Form 8863, line 8	29	1,000
30	Reserved for future use	30	
31	Amount from Schedule 3, line 15	31	0
32	Add lines 27, 28, 29, and 31. These are your total other payments and refundable credits	32	1,000
33	Add lines 25d, 26, and 32. These are your total payments	33	6,450
34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	6,277
35a	Amount of line 34 you want refunded to you. If Form 8888 is attached, check here	35a	6,277

Get Schedule 2 if Line 17 is not 0 or blank

Get Schedule 3 if Line 20 is not 0 or blank

There are no FAFSA values on Schedules 2 or 3 included on Form 1040, lines 23 or 31

- In this case, the taxpayer filed a Schedule 2 (see line 23), but we do not need to ask for it because we know that Schedule 2, line 2 must be 0 (see line 17)

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## Schedules 1, 2, and 3

- The Form 1040 series (Forms 1040, 1040-SR, and 1040-NR) are the core income tax returns
  - All taxpayers filing an income tax return will file one of these
- Schedules 1, 2, or 3 are filed only if they contain information necessary to support Form 1040

### FAFSA Data that Must be Verified on the Numbered Schedules

Schedule	Part I (page 1)	Part II (Page 2)
Schedule 1	<ul style="list-style-type: none"> <li>▪ Income earned from work</li> <li>▪ Foreign earned income exclusion <b>New!</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ IRA deduction and payments</li> </ul>
Schedule 2	<ul style="list-style-type: none"> <li>▪ Part of the income tax question</li> </ul>	No Verification Data
Schedule 3	<ul style="list-style-type: none"> <li>▪ Education credits</li> </ul>	No Verification Data

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## Other FAFSA Items on the Tax Returns

## Taxable Scholarships

- Scholarships and grants reported to the IRS and included in the AGI are removed from the recipient's income as an "Income Offset"

Amount of college grants, scholarships, or AmeriCorps benefits reported as income to the IRS  
 \$

*The parent paid taxes on these grants, scholarships, or benefits. These usually apply to those renewing their FAFSA form, not to first-time applicants. If the parent is married, include the amount their spouse reported.*

- They appear on

- Schedule 1, line 8r
- Schedule 1, line 8z (with the word "AmeriCorps")

Part 1 Additional Income	
8 Other income:	
r Scholarship and fellowship grants not reported on Form W-2 . . . . .	8r
8 Other income:	
z Other income. List type and amount: AmeriCorps	8z 2,400

- If a scholarship includes a requires work as a condition of receiving the scholarship, the value of the work is taxable and will be included on Form 1040, line 1a *without any notations*

1a Total amount from Form(s) W-2, box 1 (see instructions) . . . . .	1a 57,574
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- This component of the taxable scholarship cannot be derived from the tax return

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## Do Assets "Count"?

### Applicants Exempt from Asset Reporting

A **dependent student** is exempt from asset reporting if they meet one of the following criteria.

- The applicant's parents' 2022 combined AGI is less than \$60,000 and they do not file a Schedule A, B, D, E, F, or H, **AND**
  - They do not file a Schedule C. **OR**
  - They file a Schedule C with net business income of not more than a \$10,000 loss or gain.

- If you collect the tax return *and the AGI is less than \$60,000*, then you can check to see if
  - the tax-filer filed any of these Schedules: A, B, C, D, E, F, or H **and**
  - Schedule 1, line 3 is between  $-\$10,000$  and  $\$10,000$ , inclusive

3 Business income or (loss). Attach Schedule C . . . . .	3 1,222
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- If they are, then the applicant and their contributors do not need to report assets on the FAFSA

*Application and Verification Guide, 2024-2025, pages 31-32*

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## Resources

- 2024-2025 *Application and Verification Guide*
  - <https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2024-2025/application-and-verification-guide>
- Federal Register: 2024-2025 FAFSA Information to be Verified
  - <https://www.govinfo.gov/content/pkg/FR-2023-09-19/pdf/2023-20211.pdf>
- FAFSA Simplification Questions and Answers Page
  - <https://www2.ed.gov/policy/highered/reg/hearulemaking/2009/fafsa-g-and-a.html>
- Better FAFSA, Better Future Webinar Recordings and Transcripts (requires sign in credentials but not an FSA ID)
  - <https://fsatraining.ed.gov/login/index.php>
- FSA FAFSA Simplification Resource Page
  - <https://fsapartners.ed.gov/knowledge-center/topics/fafsa-simplification-information>

## Resources

- Health and Human Services (HHS) 2022 Poverty Guideline Multiples
  - <https://aspe.hhs.gov/sites/default/files/documents/4b515876c4674466423975826ac57583/Guidelines-2022.pdf>
- FAFSA Simplification Act (begins on page 1956)
  - <https://www.congress.gov/116/bills/hr133/BILLS-116hr133enr.pdf>
- FSA Conference Session B10, *Data Use and Considerations Under the FUTURE Act and FAFSA @ Simplification Act*
  - Log into the FSA Conference website where you can find the recording and slide deck for this vital training
- (GENERAL-23-34) *Access and Use of Federal Tax Information (FTI) for Federal Student Aid Programs Beginning with the 2024-25 FAFSA Processing Cycle*
  - <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2023-05-12/access-and-use-federal-tax-information-fti-federal-student-aid-programs-beginning-2024-25-fafsa-processing-cycle>

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**Thank You!**

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**Thank You!**

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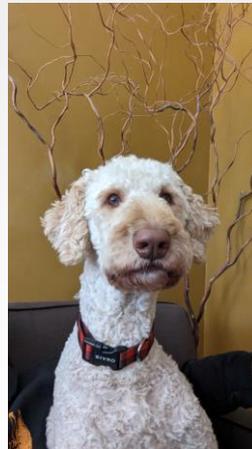
## Emmy



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## Oscar



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