



Standard Deduction and Tax Computation

\$14,600	7	Capital gain or (loss). Attach Schedule D if required. If not required, check here	<input type="checkbox"/>
• Married filing jointly or Qualifying surviving spouse, \$29,200	8	Additional income from Schedule 1, line 10	
• Head of household, \$21,900	9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	
• If you checked any box under Standard Deduction, see instructions.	10	Adjustments to income from Schedule 1, line 26	
	11	Subtract line 10 from line 9. This is your adjusted gross income	
	12	Standard deduction or itemized deductions (from Schedule A)	
	13	Qualified business income deduction from Form 8995 or Form 8995-A	
	14	Add lines 12 and 13	
	15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income	

About Standard Deduction and Tax Computation

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

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Objectives – Standard Deduction and Tax Computation

- Determine the standard deduction for most taxpayers
- Determine the standard deduction for taxpayers claimed as dependents
- Identify how taxable income and income tax are computed and reported
- Time Required: 20 minutes

Topics



- Deductions
- Age and Blindness
- Taxpayers who can be Claimed as Dependents
- Standard Deduction vs. Itemizing
- Kiddie Tax
- Qualified Business Income Deduction
- Determining Taxable Income and Tax



Key Terms

Definitions are always available in the L< online Glossary.

- Adjusted Gross Income (AGI)
- Exemptions (Personal or Dependency)
- Itemized Deduction
- Kiddie Tax
- Married Filing Jointly
- Married Filing Separately
- Qualified Business Income (QBI)
- Standard Deduction

Deductions

- Use interview techniques and other tools to determine if the standard deduction or itemizing will result in the largest possible deduction for the taxpayer
- [Pub 4012](#), Tab F, Deductions
 - Standard Deduction for Most People chart
 - Interview Tips for persons not eligible for the Standard Deduction

Standard Deduction Chart for Most People*

If the taxpayer's filing status is...	Their standard deduction is ...
Single or married filing separate return	\$14,600
Married filing joint return or qualifying surviving spouse with dependent child	\$29,200
Head of household	\$21,900

*Don't use this chart if the taxpayer was born before January 2, 1960, or is blind, or if someone can claim the taxpayer as a dependent (or their spouse if married filing jointly). (See the chart on the following page.)



Deductions

- Taxpayers who cannot take standard deduction and must itemize:
 - Filing as Married Filing Separately and the spouse itemizes
 - Nonresident or dual-status alien (not married to U.S. citizen at the end of the year)
- Standard deduction is automatically calculated based on entries in the Basic Information section.

Age and Blindness

- Standard deduction is higher for a taxpayer or spouse 65 or older, or if one or both spouses are blind
- Use [Pub 4012](#), Tab E, Adjustments, Standard Deduction Chart for People 65 or Older or Who Are Blind Chart, as a guide to computing the standard deduction
- Taxpayers can take the higher standard deduction if one spouse is 65 or older, or is blind, and if:
 - Taxpayer files a joint return
 - Taxpayer files a separate return and can claim an exemption for the spouse

Standard Deduction Chart for People Who Were Born Before January 2, 1959, or Were Blind Current year not available

Don't use this chart if someone can claim you, or your spouse if filing jointly, as a dependent. Instead, use the worksheet above.

☐ You were born before January 2, 1959. ☐ You are blind.
☐ Spouse was born before January 2, 1959. ☐ Spouse is blind.


Enter the total number of boxes checked

If your filing status is ...	AND the number in the box above is ...	THEN your standard deduction is ...
Single	1	\$15,700
	2	17,550
Married filing jointly	1	\$29,200
	2	30,700
	3	32,200
	4	33,700
Qualifying surviving spouse	1	\$29,200
	2	30,700
Married filing separately*	1	\$15,350
	2	16,850
	3	18,350
	4	19,850
Head of household	1	\$22,650
	2	24,500

* You can check the boxes for spouse if your filing status is married filing separately and your spouse had no income, isn't filing a return, and can't be claimed as a dependent on another person's return.

Taxpayers Who Can be Claimed as Dependents

- A lower standard deduction is offered for an individual who can be claimed as a dependent on another person's tax return
- Form 13614-C has a check box for a dependent being claimed by another taxpayer
- Use [Form 1040 Instructions](#), Standard Deduction Worksheet to calculate the deduction

Standard Deduction Worksheet for Dependents—Line 12 Keep for Your Records 

Use this worksheet **only** if someone can claim you, or your spouse if filing jointly, as a dependent.

Current year not available

1. Check if: <input type="checkbox"/> You were born before January 2, 1959. <input type="checkbox"/> You are blind. <input type="checkbox"/> Spouse was born before January 2, 1959. <input type="checkbox"/> Spouse is blind.	Total number of boxes checked 1. _____
2. Is your earned income* more than \$750? <input type="checkbox"/> Yes. Add \$400 to your earned income. Enter the total. <input type="checkbox"/> No. Enter \$1,250. 2. _____
3. Enter the amount shown below for your filing status: • Single or married filing separately—\$13,850 • Married filing jointly—\$27,700 • Head of household—\$20,800 3. _____
4. Standard deduction. a. Enter the smaller of line 2 or line 3. If born after January 1, 1959, and not blind, stop here and enter this amount on Form 1040 or 1040-SR, line 12. Otherwise, go to line 4b 4a. _____ b. If born before January 2, 1959, or blind, multiply the number on line 1 by \$1,500 (\$1,850 if single or head of household) 4b. _____ c. Add lines 4a and 4b. Enter the total here and on Form 1040 or 1040-SR, line 12 4c. _____	

* **Earned income** includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any taxable scholarship or fellowship grant. Generally, your earned income is the total of the amount(s) you reported on Form 1040 or 1040-SR, line 12, and Schedule 1, lines 3, 6, 8e, 8f, and 8u minus the amount, if any, on Schedule 1, line 13.

Standard Deduction vs. Itemizing

- Examples of types of expenses that generally warrant itemizing deductions:
 - Large out-of-pocket medical and dental expenses
 - State and local income taxes, sales tax, real estate taxes, and/or personal property taxes
 - Mortgage interest
 - Gifts to charity
 - Certain other miscellaneous deductions

SCHEDULE A
(Form 1040)

Department of the Treasury
Internal Revenue Service

Itemized Deductions
Attach to Form 1040 or 1040-SR.
Go to www.irs.gov/ScheduleA for instructions and the latest information.
Caution: If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 16.

CMB No. 1545-0074
2024
Attachment Sequence No. 07

Name(s) shown on Form 1040 or 1040-SR _____ Your social security number _____

Medical and Dental Expenses

Caution: Do not include expenses reimbursed or paid by others.

1 Medical and dental expenses (see instructions) _____ 1

2 Enter amount from Form 1040 or 1040-SR, line 11 2 _____ 2

3 Multiply line 2 by 7.5% (0.075) _____ 3

4 Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- _____ 4

Taxes You Paid

5 State and local taxes.

a State and local income taxes or general sales taxes. You may include either income taxes or general sales taxes on line 5a, but not both. If you elect to include general sales taxes instead of income taxes, check this box ☐ _____ 5a

b State and local real estate taxes (see instructions) _____ 5b

c State and local personal property taxes _____ 5c

d Add lines 5a through 5c _____ 5d

e Enter the smaller of line 5d or \$10,000 (\$5,000 if married filing separately) _____ 5e

6 Other taxes. List type and amount: _____ 6

7 Add lines 5e and 6 _____ 7

Interest You Paid

Caution: Your mortgage interest deduction may be limited. See instructions.

8 Home mortgage interest and points. If you didn't use all of your home mortgage loan(s) to buy, build, or improve your home, see instructions and check this box ☐ _____ 8a

a Home mortgage interest and points reported to you on Form 1098. See instructions if limited _____ 8a

Kiddie Tax

- Certain children under age 18 and certain older children, who have unearned income over a certain amount may be taxed using tax rates applicable to trusts and estates.
- If the child's unearned income is more than the ceiling amount, and the child is required to file a tax return, Form 8615 must be used to figure the child's tax.
- Form 8615 must be filed if the following are true:
 - The child's unearned income was more than the ceiling amount.
 - The child is required to file a return for the tax year.
 - The child either:
 - Was under age 18 at the end of the year,
 - Was age 18 at the end of the year and did not have earned income that was more than half of his or her support, or
 - Was a full-time student at least age 19 and under age 24 at the end of the tax year and did not have earned income that was more than half of the child's support.
 - At least one of the child's parents was alive at the end of the tax year.
 - The child does not file a joint return for the tax year.

Qualified Business Income

- For taxable years beginning after December 31, 2017 and before January 1, 2026, there is a deduction for “pass through” businesses. Sole proprietors are categorized as “pass through” businesses.
- A sole proprietor will be able to take up to 20% of qualified business income (QBI) as a deduction on the tax return
- The calculations on Schedule C and Schedule SE are not affected by the deduction
- Taxable income is not reduced below zero by the 20% deduction
- The 20% deduction is limited for higher incomes
- The deduction will also be limited for specified service trades or businesses

Determining Taxable Income and Tax

- Taxable income is determined by taking the adjusted gross income (AGI) and subtracting:
 - Standard or itemized deductions
 - Deduction for qualified business income (QBI)
- A separate worksheet is used to calculate tax for taxpayers with:
 - Capital gains
 - Qualifying dividends
 - Foreign earned income

If required.		3a	Qualified
Standard Deduction for— <ul style="list-style-type: none">• Single or Married filing separately, \$14,600• Married filing jointly or Qualifying surviving spouse, \$29,200• Head of household, \$21,900• If you checked any box under <i>Standard Deduction</i>, see instructions.	4a	IRA dist	
	5a	Pension	
	6a	Social s	
	c	If you el	
	7	Capital	
	8	Addition	
	9	Add line	
	10	Adjustm	
	11	Subtrac	
	12	Standar	
13	Qualified		
14	Add line		
15	Subtrac		



Summary

This lesson covered:

- How to identify those who can take the standard deduction and how the deduction is affected by filing status, age, blindness, and status as a dependent
- Tax computation is based on taxable income
- Students who opt to include scholarship income more than the ceiling amount will be required to complete Form 8615 to figure the tax.
- Taxpayers considered sole proprietors may take up to 20% of their business income as a deduction on the return.