



Other Taxes

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. Go to www.irs.gov/Form1040 for instructions and the latest information.			
Name(s) shown on Form 1040, 1040-SR, or 1040-NR				Your social security number	
Part I Tax					
1 Additions to tax:					
a Excess advance premium tax credit repayment. Attach Form 8962				1a	
b Repayment of new clean vehicle credit(s) transferred to a registered dealer from Schedule A (Form 8936), Part II. Attach Form 8936 and Schedule A (Form 8936)				1b	
c Repayment of previously owned clean vehicle credit(s) transferred to a registered dealer from Schedule A (Form 8936), Part IV. Attach Form 8936 and Schedule A (Form 8936)				1c	
d Recapture of net EPE from Form 4255, line 2a, column (l)				1d	
e Excessive payments (EP) from Form 4255. Check applicable box and enter amount.					
(i) <input type="checkbox"/> Line 1a, column (n)		(ii) <input type="checkbox"/> Line 1c, column (n)			
(iii) <input type="checkbox"/> Line 1d, column (n)		(iv) <input type="checkbox"/> Line 2a, column (n)		1e	



About Other Taxes

- 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



Objectives – Other Taxes

- Identify the different types of other taxes on a return
- Determine if a taxpayer is liable for other taxes that are within the scope of the volunteer program
- Determine how to report these additional taxes on the tax return, and complete the applicable forms or schedules
- Time Required: 15 minutes

Topics



- Other Taxes
- Self-Employment Tax
- Tip Income



- Qualified Retirement Plans



- Form 5329, Part I
- First-Time Homebuyer Credit



- Figuring Total Tax



Key Terms

Definitions are always available in the L< online Glossary.

- Allocated Tips
- First-time Homebuyer Credit
- Individual Retirement Arrangement (IRA)
- Nonrefundable Credit
- Pension
- Self-employment Income
- Tip Income
- Traditional IRA



Other Taxes

- “Other taxes” are usually calculated on their own form or schedule and are added after the nonrefundable credits are calculated
- Other taxes include:
 - Self-employment tax
 - Social Security and Medicare taxes on tip income
 - Additional taxes on IRAs and other qualified retirement plans
 - Household employment taxes
 - Repayment of first-time homebuyer credit
- Refer to [Pub 4012](#), Other Taxes and Payments and ACA tab, for more information



Self-Employment Tax

- Self-employment (SE) tax is Social Security and Medicare taxes collected primarily from individuals who work for themselves
- Self-employed taxpayers who receive Form 1099-MISC must file Schedule C and Schedule SE
- Schedule SE has a long and short version; used to calculate the SE tax

The image shows a 2024 IRS Form 1040, U.S. Individual Income Tax Return, with Schedules C and SE attached. The main form is for the year 2024, ending on Dec. 31, 2024. The taxpayer's name is partially visible as 'Your first name and middle initial' and 'Last name'. The attached Schedules are:

- SCHEDULE C (Form 1040) Profit or Loss From Business (Sole Proprietorship)**: This schedule is used to report income or loss from a business owned by the taxpayer. It includes instructions to attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041, and to go to www.irs.gov/ScheduleC for instructions and the name of proprietor.
- SCHEDULE SE (Form 1040) Self-Employment Tax**: This schedule is used to report self-employment income and calculate the self-employment tax. It includes instructions to attach to Form 1040, 1040-SR, 1040-SS, or 1041, and to go to www.irs.gov/ScheduleSE for instructions. The name of the person with self-employment income is shown as 'Name of person with self-employment income (as shown on Form 1040, 1040-SR, 1040-SS, or 1041)'. The form also includes a 'Part I Self-Employment Tax' section with a note about church employee income and instructions for ministers and other self-employed individuals.

Tip Income



- Workers who receive \$20 or more per month in tips must report their tips to their employer. The employer:
 - Reports these tips as part of the wages on Form W-2, box 1, and
 - Withholds Social Security and Medicare taxes and federal income tax
- An employee who receives \$20 or more in unreported tips per month must report the income on Form 1040 and pay the Social Security and Medicare taxes
- Taxes for unreported tips are calculated on [Form 4137](#), Social Security and Medicare Tax on Unreported Tip Income
- Refer to [Pub 4012](#), Income tab



Qualified Retirement Plans



- Traditional IRAs and other qualified plans allow individuals to defer paying taxes until the funds are distributed
- The taxpayer must pay income tax plus an additional tax as a penalty if any of the following apply:
 - A distribution is taken before the individual reaches the age of 59½ and it is not rolled over into another qualified plan or IRA (in scope)
 - Minimum distributions are not withdrawn when required (out of scope)
 - Excess contributions are not removed by the due date of the return, including extensions (out of scope)

TIP: Qualified individuals who receive coronavirus-related distributions are not subject to the 10% additional tax on early distributions. See the Retirement Income lesson for details.

Form 5329, Part I



- [Form 5329](#), Part I provides for exceptions to the additional tax on early distributions from IRAs or qualified pension plans
 - Line 1: Amount of distribution included in income
 - Line 2: Amount that qualifies for an exception
 - Line 3: Amount subject to additional tax
 - Line 4: Additional tax carried over to Form 1040, Other Taxes

First-Time Homebuyer Credit



- Certain situations may require the credit to be repaid and reported in the Form 1040, Other Taxes section
- Determine if the taxpayer claimed the 2008 homebuyer credit and must pay back a portion of the credit each year
- If the taxpayer is required to repay the credit, it is calculated on [Form 5405](#), First-Time Homebuyer Credit and Repayment of the Credit
- For exceptions to the repayment rules, see [Form 5405 Instructions](#)
- Taxpayers repaying an installment of the 2008 credit are not required to file Form 5405

Figuring Total Tax



- The total tax amount on Form 1040, includes the tax on all income, adjustments to income, deductions, nonrefundable tax credits, and other taxes
- The next step is entering tax payments and refundable credits
- Final calculation is the amount of taxes owed, or the amount overpaid that would result in a refund

Form 1040 (2024) Page 2

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



Out of Scope for this Lesson:

- Household employment taxes
- IRA minimum distributions not withdrawn when required
- Excess contributions to an IRA not removed by the due date of the return including extensions
- Parts II through IX of Form 5329 (only Part I is in scope)
- Distribution from an ABLE account that exceeds the qualified disability expenses
- Individuals subject to the additional Medicare tax on Form 8959
- Individuals subject to the net investment income tax on Form 8960



Summary

- This lesson covered:
 - Self-employment tax
 - Social Security and Medicare taxes on unreported tip income
 - Additional taxes on IRAs and other qualified retirement plans
 - Repayment of the first-time homebuyer credit
- Other taxes are calculated on separate forms or schedules
- TaxSlayer provides all of the forms and performs the calculations