




Lesson Plan

Refund and Amount of Tax Owed

Time Required: 30 minutes

Introduction	Objectives	Topics
This lesson covers the Refund and Amount You Owe sections of the return. There are several options for taxpayers to get their refund or pay tax they owe. It is important that volunteers are familiar with those options to better help taxpayers understand their refund and payment choices.	<p>Identify the applicable section and lines of Form 1040 for the refund or amount owed.</p> <p>Report the correct refund amount or amount owed.</p> <p>Identify the refund options available.</p> <p>Describe the different payment options for an amount owed.</p> <p>Revise the amount of tax withheld or make estimated tax payments to avoid underpayment.</p>	 <p>Refund or tax due Amount owed Estimated tax penalty Adjusting Tax Withholding Third party designees Avoiding common errors</p>

Key Terms

Form 2210: Underpayment of Estimated Tax by Individuals, Estates and Trusts. While completion of Form 2210 is out of scope, volunteers need to caution taxpayers they will receive a notice of an estimated tax penalty if it is applicable.

Form 9465: Installment Agreement Request is used to request an installment plan for taxes owed.

Form W-4: Employee's Withholding Allowance Certificate is completed by the employee and used by an employer to determine how much income tax to withhold from an employee's paycheck.

Form W-4P: Withholding Certificate for Periodic Pension or Annuity Payments. The form allows taxpayers to tell payers the correct amount of federal income tax to withhold from payments.

Form W-4R: Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions. The form allows taxpayers to tell payers the correct amount of federal income tax to withhold from their nonperiodic payment or eligible rollover distribution from an employer retirement plan, annuity (including a commercial annuity), or individual retirement arrangement (IRA).

Form W-4V: Voluntary Withholding Request, filed by taxpayers (or estates) who are recipients of social security benefits and want to request withholding from their payments from the Social Security Administration.

Tax Liability (or total tax bill): The amount of tax after nonrefundable credits have been subtracted. Taxpayers meet (pay) their federal income tax liability through withholding, estimated tax payments, and payments made with the income tax return.

Withholding Allowance: An employer uses the Form W-4 provided by the employee, together with income earned and marital status to determine how much income tax to withhold from wages.

Withholding Tax: Income tax is withheld from the pay of most employees. Income tax may also be withheld from gambling winnings, pensions/annuities, unemployment compensation, and certain federal payments, such as social security. In some cases, income tax may be withheld on other types of income, such as interest or dividend income.

Teacher Tips

Guidelines for Lesson

Guideline	Instructor Notes	Presentation Aids
Lesson background info	Review the online demo of TaxSlayer on refunds or balance due.	TaxSlayer® Demo: From the Practice Lab, select: <ul style="list-style-type: none"> • TaxSlayer IRS training • Click the appropriate demo
Provide details and engage the students	<p>Discuss all tips and cautions in detail.</p> <p>Ask students to read and/or role-play examples and sample interviews.</p> <p>Review answers to each exercise; ask students how they arrived at their answers.</p>	<p>Internet: Link & Learn Taxes (L&LT) Refund and Amount of Tax Owed</p>

Topic-specific Tips

Topic Name	Instructor Notes	Presentation Aids
Introduction	<p>Review lesson objectives.</p> <p>Emphasize that taxpayers have several choices for how to receive a refund, or how to pay a balance to the IRS.</p> <p>Review list of references.</p> <p>State the presentation time.</p>	<p>Visuals: Form 1040, Refund and Amount You Owe sections Form 13614-C, Page 1 Pub 4012, Tab K, Finishing the Return</p>
Refund or tax due	<p>Display the Refund section of Form 1040 to show where an overpayment is entered, and the options for the refund.</p> <p>Ask students to list the options taxpayers have for refunds.</p> <p>Explain how to handle each refund option.</p> <p>Display the Amount You Owe section of Form 1040 to show where an amount owed is entered.</p> <p>Demonstrate entering RTN and DAN for direct deposit on the Basic Information section and Form 1040.</p> <p>Emphasize the importance of accurate routing and account numbers for direct deposit refunds.</p>	<p>Visuals: Form 1040, Refund and Amount You Owe section. Pub 4012, Tab K, Finishing the Return, and Tab P, Partner Resources: <ul style="list-style-type: none"> • Split Refund Option • Pointers for Direct Deposit of Refunds • Balance Due Returns • Where's My Refund? Form 8888 </p> <p>Internet: FAQ: Refund Inquiries</p>

Inform students about Form 8888.

Explain what happens if an error or offset increases or decreases the amount of the refund.

Point out the "Identity Protection PIN" field near the signature section of Form 1040.

Point out the IRS2Go Video on YouTube.

Allocation of
Refund

Review Form 8888 and refer to Form 8888 Instructions for more details.

Explain the "Where's My Refund" feature on www.irs.gov. Taxpayers can call 1-800-829-1954 to check the status of their refund.

Demonstrate linking to Form 8888 from Form 1040.

Visual:

[Form 8888](#)

Internet:

Online tool: [Where is my Refund?](#)

YouTube Video: [When will I get My Refund?](#)

Amount owed

Remind students that taxpayers with an amount owed must file their return by the due date even if they cannot pay the full amount with the return.

Ask students to list the five types of payments that are acceptable (cash is not one of the options).

Recommend volunteers review the Balance Due Returns section in Pub 4012, Tab K, Finishing the Return, whenever they have a return with an amount owed.

Explain the options taxpayers have if they cannot pay by the filing due date:

- Pay in full within 180 days with no fee using the Online Payment Agreement Application (OPA); interest and penalties are charged on payments after the April due date
- Monthly installment payments using Form 9465, with a fee in addition to interest and penalties

Emphasize to students that they can provide a valuable service to the taxpayer by being thoroughly familiar with the payment options.

Point out that interest and penalty are charged on tax that is due but not paid by the April due date. This is true even if the taxpayer is given a short-term extension to pay or an installment agreement.

Advise students to encourage taxpayers who cannot fully pay their tax amount owed, to pay as much as possible with their return to reduce these charges.

Point out that TaxSlayer automatically calculates the amount that is owed when the payment total is less than the amount of the tax.

Visuals:

[Form 1040](#), Amount You Owe section

[Pub 4012](#), Tab H, Other Taxes, Payments, and Refundable Credits, and Tab K, Finishing the Return:

- Form 1040
- Balance Due Returns

[Form 1040-V](#)

[Form 9465](#)

Internet:

Tax Topic: [The Collection Process](#)

Tax Topic: [Tax Payment Options](#)

Estimated tax penalty	<p>Explain that, while completion of Form 2210 is out of scope for VITA/TCE, it is important for students to know about the estimated tax penalty provisions.</p> <p>Discuss the general type of situations that may cause a taxpayer to owe a tax penalty.</p> <p>Remind students about the estimated tax penalty.</p> <p>Instruct students on how TaxSlayer handles the estimated tax penalty, and explain that, if a penalty is due, the IRS will figure the penalty and send the taxpayer a notice.</p> <p>Ask students to read the case study for a taxpayer who is likely to have a tax penalty.</p>	<p>Visuals: Form 1040 Form 2210</p> <p>Internet: Tax Topic: Penalty for Underpayment of Estimated Tax</p>
Adjusting tax withholding	<p>Review ways to help taxpayers make sure they are paying the correct amount of taxes withheld during the tax year.</p> <p>Discuss Forms W-4 and when taxpayers may want to change exemptions to increase or decrease their withholding amount.</p> <p>Ask students to read examples that pertain to Forms W-4.</p> <p>Explain the circumstances under which a taxpayer may need to make estimated tax payments.</p>	<p>Visuals: Form W-4 Form W-4P Form W-4R Form W-4S Form W-4V Form 1040-ES Pub 17, Tax Withholding and Estimated Tax</p> <p>Internet: Tax Topic: IRS Tax Withholding Calculator</p>
Third party designees	<p>Point out that taxpayers can allow the IRS to discuss their return with another person by using the Third Party Designee section of the return.</p> <p>Emphasize that volunteer tax preparers must never be designated as the third party designee.</p>	<p>Visuals: Form 1040, Third Party Designee section Pub 17, Filing Information, Third Party Designee</p> <p>Internet: Tax Topic: Disclosure Authorizations</p>

Avoiding common errors

Remind students to double- and triple-check the bank routing and account numbers for direct deposit and electronic funds withdrawal.

Ask taxpayers to compare the numbers entered on the return to their checks or other account information.

Emphasize that errors in bank information may result in significant delays or misdirected funds.

Visuals:

[Form 1040](#)

[Form 8888](#)

Skills Workout

Review the Skills Workout with the class.

Visuals:

L< Refund and Amount of Tax Owed: Click Certification Warm Up icon to review the exercises.

References	
Form 1040	Form 1040 , Refund and Amount Your Owe sections
Form 13614-C	Form 13614-C , Intake/Interview & Quality Review Sheet, page 1
Pub 4012	Pub 4012 , Volunteer Resource Guide, Tab K, Finishing the Return, and Tab P, Partner Resources Split Refund Option Pointers for Direct Deposit of Refunds Balance Due Returns Where's My Refund?
Pub 17	Pub 17 , Your Rights as a Taxpayer, Collections and Refunds
Form 8888	Form 8888 , Allocation of Refund
Form 1040-ES	Form 1040-ES , Estimated Tax for Individuals
Form 1040-V	Form 1040-V , Payment Voucher
Form W-4	Form W-4 , Employee's Withholding Allowance Certificate
Form W-4P	Form W-4P , Withholding Certificate for Pension or Annuity Payments
Form W-4R	Form W-4R , Withholding Certification for Retirement Payments Other Than Pensions or Annuities
Form W-4V	Form W-4V , Voluntary Withholding Request
Optional	
Pub 505	Pub 505 , Tax Withholding and Estimated Tax
Pub 594	Pub 594 , The IRS Collection Process
Form 2210	Form 2210 , Underpayment of Estimated Tax by Individuals, Estates, and Trusts
Form 2210 Instructions	Form 2210 Instructions
Form 9465	Form 9465 , Installment Agreement Request

Recommended Classroom Activities



**Skills
Workout**



**Certification
Warm Up**



**Media: Videos
& Audio**



**TaxSlayer
Tutorial**



Job Aids



**Practice
Lab**



Skills Workout: Link & Learn Taxes Refund and Amount of Tax Owed

Click Skills Workout to access L< Refund and Amount of Tax Owed.



Certification Warm Up –Exercises

Click Certification Warm Up to access the exercises in L< Refund and Amount of Tax Owed.



Media: Video & Audio for Lesson

- YouTube video: How to use Where's My Refund? Tool
<https://www.youtube.com/watch?v=mdGhiGZxr3E>
- YouTube Video: When will I get my refund?
https://www.youtube.com/watch?v=Yt_9rJBZdnM



TaxSlayer Tips and Resources for Lesson

TaxSlayer Training Video [Entering Payments and Estimates](#)

Practice Lab Tutorial

From the [Practice Lab](#):

1. Enter the universal password (if you do not have the password, you can request it from your site coordinator or SPEC relationship manager).
 2. Sign in to Practice Lab or create an account.
 3. Select the appropriate tutorial.
-



Job Aids

ITA and FAQs for Lesson

Online Tool	Where's My Refund? https://www.irs.gov/wheres-my-refund
FAQs	Refund Inquiries https://www.irs.gov/faqs/irs-procedures/refund-inquiries
Tax Topics	Refund Information http://www.irs.gov/taxtopics/tc152.html The Collection Process http://www.irs.gov/taxtopics/tc201.html Tax Payment Options http://www.irs.gov/taxtopics/tc202.html Penalty for Underpayment of Estimated Tax http://www.irs.gov/taxtopics/tc306.html Disclosure Authorizations http://www.irs.gov/taxtopics/tc312.html



Practice Lab

Practice Lab	https://vita.taxslayerpro.com/IRSTraining
--------------	---
