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INCOME TAX REPORTING FOR THE PROFESSIONAL CHURCH EMPLOYEE

WHAT TO EXPECT! 2022

By: Norm Schmidt, EA & Kathy Rossow, EA

The materials included in this packet are for informational purposes only and are not to be used to prepare income tax returns. For more information regarding the taxation of ministers see IRS Publication 517 or contact your tax advisor.

INCOME TAX REPORTING FOR THE PROFESSIONAL CHURCH EMPLOYEE - WHAT TO EXPECT!

What's the difference?

Employees of churches and the affiliated agencies of churches are divided into two classifications: the dual-status minister/teacher and the lay employee. **Dual-status** means that the minister/teacher is an employee for income reporting, fringe benefits, and expense deducting purposes, and self-employed for social security reporting purposes. A dual status minister is one who has been given the authority by a church or affiliated agency to perform substantially all of the ministerial duties. These duties include preaching, teaching, evangelism, conduct of worship, administration, baptisms, weddings, funerals, and communion. **Commissioned or licensed teachers** of a church or an affiliated agency of a church that provides for ordination of ministers are considered as if they were ordained or "the equivalent thereof" if they are performing ministerial duties. **Employees** of churches and their agencies who do not perform ministerial duties are considered to be **lay** employees. A **Called** teacher in the Lutheran Church Missouri Synod is considered to be a commissioned teacher, or a Minister of Christian Education.

Where to Report Income

Ministers and commissioned teachers employed by the Lutheran Church and affiliated agencies (Lutheran High Schools and Lutheran Colleges) have a dual-status treatment in the Internal Revenue Code. They are to be treated as employees for income tax reporting, and as self-employed for social security reporting. On the W-2 Form, Box 3, for social security wages and Box 5, for medicare wages should be left blank. Withholding of income tax for ministers and commissioned teachers is not required. The above taxes should be paid in through estimated tax payments. Self-employment tax is reported on Schedule SE.

Ministers are considered employees for income reporting, expense deducting and fringe benefit eligibility (health insurance, pensions, etc.). Prior to 2018, un-reimbursed or reimbursed without "an accountable plan," automobile travel, and professional expenses were allowed as a miscellaneous itemized deductions on Schedule A. They were also subject to limitations: (1) meals & entertainment are reduced by 50%, then combined with other miscellaneous deductions, (2) only the percentage of un-reimbursed expenses spent in earning the taxable salary are allowable (reduced by an allocation based on taxable and non-taxable income), and (3) they are further reduced by 2% of the Adjusted Gross Income. This is still the case for states that did not conform to the tax reform. These expenses are still fully allowable as a deduction when calculating self-employment tax.

Withholding Taxes

Regular employees report their wages on Form 1040. Federal and state income taxes withheld are reported on Form 1040 and used to offset Federal and state income tax liabilities. Social Security and Medicare taxes withheld by an employer for an employee are reported on the employee's W-2 Form, the amounts forwarded to the Social Security Administration and credited to the taxpayer's account. The employer also pays into the Social Security Administration. For 2022 the employee pays in 7.65% and the employer pays in 7.65% for a total of 15.3%.

Self-employment Tax

A self-employed taxpayer usually owns a business of some sort. They report their income and expenses on Schedule C of Form 1040. Business income less business expenses equals a net income from self-employment. Since the taxpayer owns their own business, they are the employer and employee. As with the previously mentioned regular employee, this owner must pay into Social Security and Medicare the **employee and employer** portion of tax. The amount is 15.3% of the business income and is called **self employment tax**. The minister or commissioned teacher is definitely considered to be self-employed for social security purposes. However, for income tax reporting, expense deducting and fringe benefit provision purposes (health insurance, pension, etc.) the Internal Revenue Code speaks clearly about their status being that of an employee. Internal Revenue Service publications on the issue have historically presented the dual-status treatment for ministers and commissioned teachers performing services for a church or an affiliated agency of a church. As an employee **you may not** report your income on Schedule C. To ignore the IRS position and report a minister's or commissioned teacher's salary on Schedule C will often cause an audit and an assessment of additional tax liability.

Social Security Exemption

You may exempt yourself from paying into Social Security by filing Form 4361 "Application for Exemption From Self - Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners." The form includes a statement that, because of your religious principles, you are conscientiously opposed to accepting, for services performed as a member of the clergy (including commissioned teachers), any public insurance. This includes public insurance established by the Social Security Act. Your opposition must be based on institutional principles and discipline of your particular religious denomination **or** it must be based on **your individual** religious considerations. The decision to exempt yourself from Social Security must be for religious and conscientious grounds and not for economic reasons. If a person files Form 4361 to exempt from social security, they most certainly can and should have a private investment plan for retirement needs. You will not receive Social Security Benefits. **Once you make the election to exempt from Social Security, it is irrevocable.** You may not go back into Social Security again.

But, many tax laws have exceptions. If you had previously filed Form 4361 to exempt yourself from Social Security, you were given the option to elect to come back into the system in the year 2000 and 2001. Periodically, Congress will grant this option.

The application for Exemption from Self-Employment Tax, Form 4361, must be filed by the due date (April 15) of your tax return, including extensions, for the **second tax year** in which you had net self-employment earnings of \$400 or more from services as a minister/teacher (which includes housing allowance. A **timely** filed Form 4361 will be approved. Remember, the two years run from the date the minister/teacher is ordained or "first called".

Many tax advisors do not advise their clients to exempt themselves from Social Security, because many persons find it very hard to develop an alternative plan that would take the place of Social Security Benefits.

Housing Exclusion

Understanding "housing allowance" may result in a tremendous income tax savings.

The Internal Revenue Code Section 107 says:

"in the case of a minister of the Gospel, gross income does not include the.....

1. The rental value of a home furnished to him or her as a part of his or her compensation: or,

2. The rental allowance paid to the taxpayer as a part of their compensation, to the extent used by the taxpayer to rent or provide a home"

Are you entitled to Housing Allowance? If you are a commissioned (on the roster) teacher of the Lutheran Church Missouri Synod may be entitled to designate a portion of your salary as housing allowance. If you designate a portion of your salary as housing allowance, you are considered to be a **dual status** employee, and will be subject to self-employment tax. You will not pay federal and state income tax on your actual housing expenses. However, you will pay self-employment tax on this amount.

The Clergy Housing Allowance Clarification Act of 2002 provides the following clarification of housing allowance. The amount you claim on your return tax as housing allowance and not subject to Federal Income Tax is the lesser of:

-What you designate as housing allowance

-Your actual expenses for housing

-The fair market rental value of your home and furnishings

What does the Housing Allowance Exclusion include?

It includes anything spent to provide a home for the dual-status minister/teacher and his or her family. Regulations for Section 107 state that the housing allowance does not include food or a maid. Housing allowance is the tax-free treatment of a called church worker's **personal** home expenses on a **cash basis**. Housing allowance expenses include those for the house, its contents, the garage and the yard.

The following list shows typical expenses that are to be considered in computing the amount of housing allowance.

1. Rent or house payments.
2. Real estate taxes and mortgage interest for the home. These expenses are deductible again as itemized deductions. This is a **double deduction**, but allowable by the Internal Revenue Service.
3. Insurance for the house and/or contents. This also includes renters insurance.
4. Improvements, repairs and upkeep of the home and/or contents. Such as a new roof, room additions, garage, patio, fence, pool, appliance repair, etc.
5. Furnishings and appliances: dish washer, vacuum sweeper, TV, stereo, piano, sewing machine, computer (personal use), washer, dryer, beds, small kitchen appliances, cookware, dishes, garage door opener, lawnmower, hedge trimmer, etc.
6. Decorator items: drapes, throw rugs, pictures, painting, wallpapering, bedspreads, sheets, blankets, towels, etc.
7. Utilities: heat, electric, non-business telephone, water, cable TV, internet service, sewer charge, garbage and trash collection, newspaper subscription, etc.
8. Miscellaneous - anything that maintains the home and its contents that you have not included in repairs or decorator items: cleaning supplies for the home, brooms, dry cleaning of drapes, light bulbs, shampooing carpet, expense to run lawnmower, tools for landscaping, etc.

The expenses in item no. 8 are often purchased at the grocery or home improvement store. It is a good practice to buy a supply of household cleaning supplies separately and save the receipt. **Remember, you must have receipts to back up your deductions.**

Do not include the following: Maid (or hired lawn care), groceries, personal toiletries such as toothpaste, shampoo, laundry and dish soap, paper products; personal clothing, shoes, jewelry; toys, bicycles, hobby items, computer games, personal computer software, etc. Because a cellular phone is used outside of the home, do not use the personal portion as housing allowance. However, if you only have a cellular phone and no land line telephone, your cellular phone expense may be eligible as housing allowance.

How much of a teacher's salary can be designated as housing allowance?

Nothing in the Internal Revenue Code or regulations establishes a "flat" dollar limitation or a percentage of income limitation for the housing allowance exclusion. **The amount designated as housing allowance must be a specific dollar amount or a specific % of salary.** The IRS does not put a limit to the amount of salary that can be designated as housing allowance. Most congregations request that their called employees estimate a percentage of their salary that will be **designated** as housing allowance. "Official designation" means that the employer designates, by official action, **in advance**, the amount the dual-status employee expects to spend for all the expenses of his or her home.

The designation can be done by the official board or congregation, or Church Council, and should be recorded in their minutes. Usually you estimate your housing allowance only once a year, and most congregations will not let you make any changes. If you were not aware of how to designate your housing allowance or you have had an inadequate amount designated, there is no way to fix the problem after the fact. The IRS says you may exclude from income the **SMALLER** of your actual housing expenses or the designated housing allowance.

If you underestimate your housing expenses, compared to the actual expenses, you must use the smaller amount and therefore lose the tax advantage. ***You must take some time to make a wise decision as to what your housing allowance should be.***

How does a person designate the correct amount for housing allowance?

It is advisable that a called church employee take the time to determine the correct amount he or she should designate as housing allowance.

Probably the best way to provide this information for your congregation is to determine your monthly expenses times the number of months you are determined to be a commissioned teacher. Most teachers will figure this computation over a 12 month period. New teachers will have to use the number of months they were called. (See attached housing worksheet)

* Tax Planning

Good tax planning for a minister/teacher is to **"over designate"** his or her housing allowance and allow for unexpected expenses, and increases in utility costs to be covered. The unused housing allowance will be added back into your income tax return as taxable miscellaneous income. Please keep in mind that estimated tax payments for the following year should be based on actual expenses. If you "over designate" your housing allowance for a given year and your actual is a lot smaller, you will have Federal and state income tax due on the excess housing. If you haven't planned for this in your estimated tax payments, you will have to come up with the additional tax by April 15, and may owe a penalty for underestimation of estimated taxes.

Professional Expenses

In any profession, the ordinary and necessary expenses incurred in order to be able to earn income are deductible. The IRS provides a very detailed explanation on how to handle non-reimbursed employee business expenses.

Professional expenses for a teacher include items purchased to use in the classroom such as books, newspapers, items purchased at a teachers supply store, software used in the classroom, costs of conferences and seminars, paper, office supplies, equipment, and non-reimbursed mileage. **These are items for which you are not reimbursed.**

Non reimbursed professional expenses are not taxed for self-employment tax purposes. Please remember that you must have receipts to back-up the deductions for professional expenses.

If you want to take a deduction for mileage, you must keep a business mileage log book which includes the date, number of miles, and the purpose of the mileage. **Save your receipts.** You may not estimate these expenses. If you are reimbursed by the PTA or School Auxiliary or by donation of parents, you may not deduct on your tax return. A good suggestion is to have a large envelope in your desk drawer in the classroom and a large envelope at your home. Every time you purchase something for your classroom, toss the receipt into one of the envelopes.

Itemized Deductions

As a taxpayer, you are allowed to deduct from your income the **larger** of the "standard deduction" or "itemized deductions". For 2022 the standard deduction for a single individual is \$12,950, and for married persons filing a joint return is \$25,900. Itemized deductions include: medical expenses in excess of 7.5% of adjusted gross income, state and local income taxes, real estate taxes, (SALT limited to \$10,000), DMV fees, home mortgage interest, and charitable contributions. Usually, people who do not own a home cannot itemize deductions since the largest portion of itemized deductions is mortgage interest and property taxes.

*** Tax Planning**

Owning a home can be advantageous for the professional (called) church employee since the mortgage interest and property taxes(full amount paid) on the home are considered to be designated housing allowance and not subject to income tax, and could also be included in itemized deductions. This is really a double deduction and is only available to professional (called) church employees. If both spouses work outside the home, one is a professional church employee and the other isn't, the housing allowance exclusion is available for them to use on their joint return.

Estimated Tax, Form 1040ES

It is necessary for all taxpayers to “prepay” their income tax and their social security tax. An employee has tax withheld from each paycheck and “prepaid” by the employer each quarter. **Withholding by the employer of a called minister/teacher is optional.** The dual-status employee is generally required to “prepay” tax by making quarterly payments based on an estimate of the amount of tax he or she expects to owe for the year. The current year’s estimate is to be calculated at the time you prepare the previous year’s tax return. The first installment of 1/4 of the total is due on **April 15th**. Other due dates are **June 15th**, **September 15th** and **January 15th**. If you or your spouse are an employee and earn other wages from which tax is withheld, you may be able to arrange to have enough withheld to cover your combined tax liability. To claim less exemptions or allowances at the other job is usually more convenient than to make quarterly payments. It makes no difference how you prepay your tax liability, either estimated payments or adequate withholding will meet the requirements.

You may be charged a penalty for not paying enough estimated tax or for not making the payments on time. If you received a “call” during the year, you will have to estimate your tax for that portion of the year you begin receiving wages and housing from teaching. If your pay for the new school year begins in August, then you will have to make an estimated tax payment September 15th and an estimate on January 15th. You will have to take into account the income you earned as a regular employee, and if you are married, the income your spouse earned. You will have to estimate how much tax would be due for the current year, and divide that amount by the number of estimated tax payments left.

A withholding agreement can be made between an employer and the professional church employee. It is to be a written agreement. A Form W-4 (see Form W-4 attached) can be prepared with the amount to be withheld each pay period entered on line 6 rather than claiming any allowances on line 5. The employer should withhold enough **income tax** to prepay the minister's total income tax and social security and medicare liability. Form W-2 will show the amount that has been withheld in Box 2.

Retirement Planning

It’s always a wise idea to establish retirement plans to **supplement** social security and pension income during retirement. Dual-status employees of the Lutheran Church are eligible to contribute to **Tax Shelter Annuities**, and various **IRA’s** (individual retirement accounts).

Tax Sheltered Annuities are available to public school employees and employees of tax-exempt organizations, such as churches and the affiliated agencies of churches. Employees of the Lutheran Church are eligible to contribute to a **TSA** (Tax Shelter Annuity), often referred to as a **403(b) Plan**. You can establish a TSA account for **voluntary salary reductions**. This means that you can exclude \$22,050(\$28,550 if over age 50) for 2022 from your salary to contribute to a TSA. If you are an ordained/commissioned employee, the contributions are not subject to Federal and State income taxes or social security/medicare taxes. Generally, you may set-up a Tax Sheltered Annuity with companies that are approved. For additional information please contact your congregation representative.

You may contribute to an **Individual Retirement Account (IRA)** if you meet the requirements. You must have had taxable compensation(wages) for the year and have not reached the age of 70 ½ by the end of the year. The maximum deductible contribution is \$6,000(\$7,000 if over age 50), and may be phased out when your income for 2022 exceeds \$68,000(\$109,000 married filing joint).

You may also contribute to a different kind of IRA called a **Roth IRA**. Contributions are non-deductible in the year of contribution. The earnings will accumulate tax free and qualified distributions will be tax free.

Qualified distributions are those made after a 5 year period, and in addition, made after the participant is 59 ½ , made after the death of a beneficiary, after becoming disabled, or distributed to pay for "qualified first time home buyer expenses."

What does all of this mean?

Good question!! All of this means that you will **no longer use a Form 1040EZ or a 1040A** to file your income tax return. You have not only graduated from college with a degree in education, you have entered into the world of complicated tax forms, estimated tax payments, personal record keeping, and budgeting. **Please, take a look at your own financial situation and make sure you're covered. If you don't, you may have a large amount of tax to pay next April 15.**

Luther Taxpayer
Income and Deductions

Salary	\$30,000.00
Less 403b Contribution	<u>-1,200.00</u>
W-2 Wages	\$28,800.00
Housing allowance	<u>+35,000.00</u>
Total:	\$63,800.00
Un-reimbursed school expenses	\$ 1,739.00

SCHMIDT & ASSOCIATES

Tax Consultants

17782 E. 17th Street, Suite 107
Tustin, CA 92780
(714) 573-1720

Checklist for Professional Church Employees

Taxpayer name Luther Taxpayer

Tax year 2022

HOUSING ALLOWANCE

***PLEASE DO NOT ESTIMATE BUT
PROVIDE ACTUAL EXPENSES
PAID IN THE TAX YEAR**

Date home purchased _____
Live in parsonage yes ___ no X
Rent housing yes X no ___
Housing Allowance \$ 35,000
Expenses paid \$ 33,258
Excess Housing \$ 1,742

Expenses

Rent/mortgage payment \$ 30,000
Property taxes \$ _____
Insurance \$ 210
Maintenance/Repairs \$ _____
Decorating \$ 75
Furnishings \$ 312
Gardening \$ _____
Landscaping \$ _____
Pool service \$ _____
Utilities \$ 2,166
Cleaning supplies \$ 45
Association dues \$ _____
Miscellaneous \$ _____
Capital improvements \$ _____

Total: \$ 33,258

AUTOMOBILE ALLOWANCE

Automobile allowance NO \$ _____

PROFESSIONAL/EMPLOYMENT EXPENSES

Gifts associated with your profession \$ 55
Money given to transients, etc. \$ _____
Books, Periodicals, Newspapers \$ 75
Purchase of professional clothing
(distinctive to profession) \$ _____
Cleaning of professional clothing \$ _____
Postage & stationary, etc. \$ 30
Office supplies \$ _____
Office & professional equipment \$ 225
Travel expenses 212 miles \$ 128
Professional entertainment \$ _____
Cost of conferences, seminars, etc. \$ _____
Non-reimbursed teaching expenses \$ 426
Educational expenses (required or
enhances profession) \$ 800

Total \$ 1,739

OMB No. 1545-0008 **Form W-2 Wage and Tax Statement 2022**

a Employee's social security number 009-09-0999	1 Wages, tips, other compensation 28800.00	2 Federal income tax withheld
	3 Social security wages	4 Social security tax withheld
b Employer ID number (EIN) 00-0000009	5 Medicare wages and tips	6 Medicare tax withheld
c Employer's name, address, and ZIP code Lutheran Church 1530 Holy Way Anytown CA 92700		
d Control number		
e Employee's name, address, and ZIP code Luther E. Taxpayer 1234 Asfalt Drive Anytown CA 92700		
7 Social security tips	8 Allocated tips	9
10 Dependent care benefits	11 Nonqualified plans	12a See instructions for box 12 E 1200.00
12b	12c	12d
13 Statutory employee <input type="checkbox"/>	Retirement plan <input checked="" type="checkbox"/>	Third-party sick pay <input type="checkbox"/>
14 Other Housing \$35,000		
CA 03000009	28800.00	
15 State/Employer's state ID number	16 State wages, tips, etc.	17 State income tax
18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Copy B - To Be Filed With Employee's FEDERAL Tax Return
This information is being furnished to the Internal Revenue Service.
DXA Dept. of the Treasury - IRS

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e Employee's name, address, and ZIP code Luther E. Taxpayer 1234 Asfalt Drive Anytown CA 92700		
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14 Other Housing \$35,000		
CA 03000009	28800.00	
15 State/Employer's state ID number	16 State wages, tips, etc.	17 State income tax
18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Copy 2 - To be Filed With Employee's State, City,
or Local Income Tax Return
DXA Dept. of the Treasury - IRS

This information is being furnished to the IRS. If you are required to file a tax return, a negligence penalty/other sanction may be imposed on you if this income is taxable and you fail to report it.

OMB No. 1545-0008 **Form W-2 Wage and Tax Statement 2022**

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14 Other Housing \$35,000		
CA 03000009	28800.00	
15 State/Employer's state ID number	16 State wages, tips, etc.	17 State income tax
18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Copy C - For EMPLOYEE'S RECORDS (See Notice on back.)
DXA Dept. of the Treasury - IRS

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15 State/Employer's state ID number	16 State wages, tips, etc.	17 State income tax
18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Copy 2 - To be Filed With Employee's State, City,
or Local Income Tax Return
DXA Dept. of the Treasury - IRS

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying surviving spouse (QSS)
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent:

Your first name and middle initial LUTHER TAXPAYER	Last name	Your social security number 009-09-0999
If joint return, spouse's first name and middle initial	Last name	Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. 1234 ASFAULT DR.		Apt. no.	Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse	
City, town, or post office. If you have a foreign address, also complete spaces below. ANYTOWN, CA 92700		State		ZIP code
Foreign country name	Foreign province/state/county	Foreign postal code		

Digital Assets At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) Yes No

Standard Deduction Someone can claim: You as a dependent Your spouse as a dependent Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: Were born before January 2, 1958 Are blind Spouse: Was born before January 2, 1958 Is blind

Dependents (see instructions):		(2) Social security number	(3) Relationship to you	(4) Check the box if qualifies for (see instructions):	
If more than four dependents, see instructions and check here... <input type="checkbox"/>	(1) First name Last name			Child tax credit	Credit for other dependents

Income	<p>1a Total amount from Form(s) W-2, box 1 (see instructions) 1a 28,800.</p> <p>b Household employee wages not reported on Form(s) W-2 1b</p> <p>c Tip income not reported on line 1a (see instructions) 1c</p> <p>d Medicaid waiver payments not reported on Form(s) W-2 (see instructions) 1d</p> <p>e Taxable dependent care benefits from Form 2441, line 26. 1e</p> <p>f Employer-provided adoption benefits from Form 8839, line 29 1f</p> <p>g Wages from Form 8919, line 6. 1g</p> <p>h Other earned income (see instructions) 1h 1,742.</p> <p>i Nontaxable combat pay election (see instructions) 1i</p> <p>z Add lines 1a through 1h. 1z 30,542.</p>	
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.	2a Tax-exempt interest 2a	b Taxable interest 2b 27.
	3a Qualified dividends 3a 200.	b Ordinary dividends 3b 350.
	4a IRA distributions 4a	b Taxable amount 4b
	5a Pensions and annuities 5a	b Taxable amount 5b
	6a Social security benefits 6a	b Taxable amount 6b
	c If you elect to use the lump-sum election method, check here (see instructions) <input type="checkbox"/>	
	7 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/> 7	
	8 Other income from Schedule 1, line 10. 8	
	9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income 9 30,919.	
	10 Adjustments to income from Schedule 1, line 26. 10 6,385.	
	11 Subtract line 10 from line 9. This is your adjusted gross income 11 24,534.	
	12 Standard deduction or itemized deductions (from Schedule A) 12 12,950.	
	13 Qualified business income deduction from Form 8995 or Form 8995-A 13	
	14 Add lines 12 and 13 14 12,950.	
	15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income 15 11,584.	

Standard Deduction for —

- Single or Married filing separately, \$12,950
- Married filing jointly or Qualifying surviving spouse, \$25,900
- Head of household, \$19,400
- If you checked any box under Standard Deduction, see instructions.

Tax and Credits	16	Tax (see instructions). Check if any from Form(s) 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16	1,160.
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	1,160.
	19	Child tax credit or credit for other dependents from Schedule 8812	19	
	20	Amount from Schedule 3, line 8	20	200.
	21	Add lines 19 and 20	21	200.
	22	Subtract line 21 from line 18. If zero or less, enter -0-	22	960.
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	8,769.
	24	Add lines 22 and 23. This is your total tax	24	9,729.

Payments	25	Federal income tax withheld from:		
		a Form(s) W-2	25a	
		b Form(s) 1099	25b	
		c Other forms (see instructions)	25c	
		d Add lines 25a through 25c	25d	
		26 2022 estimated tax payments and amount applied from 2021 return	26	9,720.
		27 Earned income credit (EIC)	27	
		28 Additional child tax credit from Schedule 8812	28	
		29 American opportunity credit from Form 8863, line 8	29	
		30 Reserved for future use	30	
	31 Amount from Schedule 3, line 15	31		
	32 Add lines 27, 28, 29, and 31. These are your total other payments and refundable credits	32		
	33 Add lines 25d, 26, and 32. These are your total payments	33	9,720.	

If you have a qualifying child, attach Sch. EIC.

Refund	34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid .	34	
	35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	
		b Routing number <input type="text"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
		d Account number <input type="text"/>		
	36	Amount of line 34 you want applied to your 2023 estimated tax	36	

Amount You Owe	37	Subtract line 33 from line 24. This is the amount you owe . For details on how to pay, go to www.irs.gov/Payments or see instructions.	37	9.
	38	Estimated tax penalty (see instructions)	38	

Third Party Designee Do you want to allow another person to discuss this return with the IRS? See instructions Yes. Complete below. No

Designee's name **Kathleen Rossow, EA** Phone no. **714-573-1720** Personal identification number (PIN) **21460**

Sign Here	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.			
	Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
	Kathleen Rossow, EA		MINISTER/TEACHER	
	Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
	Phone no.	Email address		

Paid Preparer Use Only	Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> Self-employed
	Kathleen Rossow, EA	Kathleen Rossow, EA		P00049847	
	Firm's name	Firm's address			Phone no.
	Schmidt & Associates	17782 E. 17th Street, Ste. 107 Tustin, CA 92780			(714) 573-1720
				Firm's EIN	
				74-3204796	

SCHEDULE 1
(Form 1040)

Additional Income and Adjustments to Income

OMB No. 1545-0074

2022

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.

Attachment
Sequence No. **01**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

LUTHER TAXPAYER

009-09-0999

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions): _____		
3	Business income or (loss). Attach Schedule C	3	
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	
7	Unemployment compensation	7	
8	Other income:		
a	Net operating loss	8a	()
b	Gambling	8b	
c	Cancellation of debt	8c	
d	Foreign earned income exclusion from Form 2555	8d	()
e	Income from Form 8853	8e	
f	Income from Form 8889	8f	
g	Alaska Permanent Fund dividends	8g	
h	Jury duty pay	8h	
i	Prizes and awards	8i	
j	Activity not engaged in for profit income	8j	
k	Stock options	8k	
l	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8l	
m	Olympic and Paralympic medals and USOC prize money (see instructions) ..	8m	
n	Section 951(a) inclusion (see instructions)	8n	
o	Section 951A(a) inclusion (see instructions)	8o	
p	Section 461(l) excess business loss adjustment	8p	
q	Taxable distributions from an ABLE account (see instructions)	8q	
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	
z	Other income. List type and amount: _____	8z	
9	Total other income. Add lines 8a through 8z	9	
10	Combine lines 1 through 7 and 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10	0.

Part II Adjustments to Income			
11	Educator expenses	11	
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106.	12	
13	Health savings account deduction. Attach Form 8889.	13	
14	Moving expenses for members of the Armed Forces. Attach Form 3903.	14	
15	Deductible part of self-employment tax. Attach Schedule SE.	15	4,385.
16	Self-employed SEP, SIMPLE, and qualified plans	16	
17	Self-employed health insurance deduction.	17	
18	Penalty on early withdrawal of savings	18	
19a	Alimony paid	19a	
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions):		
20	IRA deduction	20	2,000.
21	Student loan interest deduction	21	
22	Reserved for future use	22	
23	Archer MSA deduction	23	
24	Other adjustments:		
a	Jury duty pay (see instructions)	24a	
b	Deductible expenses related to income reported on line 8I from the rental of personal property engaged in for profit	24b	
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8m	24c	
d	Reforestation amortization and expenses	24d	
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e	
f	Contributions to section 501(c)(18)(D) pension plans	24f	
g	Contributions by certain chaplains to section 403(b) plans	24g	
h	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h	
i	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations.	24i	
j	Housing deduction from Form 2555	24j	
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041).	24k	
z	Other adjustments. List type and amount:	24z	
25	Total other adjustments. Add lines 24a through 24z	25	
26	Add lines 11 through 23 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	6,385.

SCHEDULE 2
(Form 1040)

Department of the Treasury
Internal Revenue Service

Additional Taxes

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2022

Attachment
Sequence No. 02

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

LUTHER TAXPAYER

Your social security number

009-09-0999

Part I Tax			
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.
Part II Other Taxes			
4	Self-employment tax. Attach Schedule SE.....	4	8,769.
5	Social security and Medicare tax on unreported tip income. Attach Form 4137.....	5	
6	Uncollected social security and Medicare tax on wages. Attach Form 8919.....	6	
7	Total additional social security and Medicare tax. Add lines 5 and 6.....	7	
8	Additional tax on IRAs or other tax-favored accounts. Attach Form 5329 if required. If not required, check here..... <input type="checkbox"/>	8	
9	Household employment taxes. Attach Schedule H.....	9	
10	Repayment of first-time homebuyer credit. Attach Form 5405 if required.....	10	
11	Additional Medicare Tax. Attach Form 8959.....	11	
12	Net investment income tax. Attach Form 8960.....	12	
13	Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12.....	13	
14	Interest on tax due on installment income from the sale of certain residential lots and timeshares.....	14	
15	Interest on the deferred tax on gain from certain installment sales with a sales price over \$150,000.....	15	
16	Recapture of low-income housing credit. Attach Form 8611.....	16	

(continued on page 2)

BAA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule 2 (Form 1040) 2022

Part II Other Taxes (continued)

17	Other additional taxes:		
a	Recapture of other credits. List type, form number, and amount:		
		17a	
b	Recapture of federal mortgage subsidy, if you sold your home see instructions.....	17b	
c	Additional tax on HSA distributions. Attach Form 8889.....	17c	
d	Additional tax on an HSA because you didn't remain an eligible individual. Attach Form 8889.....	17d	
e	Additional tax on Archer MSA distributions. Attach Form 8853.....	17e	
f	Additional tax on Medicare Advantage MSA distributions. Attach Form 8853 ..	17f	
g	Recapture of a charitable contribution deduction related to a fractional interest in tangible personal property.....	17g	
h	Income you received from a nonqualified deferred compensation plan that fails to meet the requirements of section 409A.....	17h	
i	Compensation you received from a nonqualified deferred compensation plan described in section 457A.....	17i	
j	Section 72(m)(5) excess benefits tax.....	17j	
k	Golden parachute payments.....	17k	
l	Tax on accumulation distribution of trusts.....	17l	
m	Excise tax on insider stock compensation from an expatriated corporation....	17m	
n	Look-back interest under section 167(g) or 460(b) from Form 8697 or 8866 ..	17n	
o	Tax on non-effectively connected income for any part of the year you were a nonresident alien from Form 1040-NR.....	17o	
p	Any interest from Form 8621, line 16f, relating to distributions from, and dispositions of, stock of a section 1291 fund.....	17p	
q	Any interest from Form 8621, line 24.....	17q	
z	Any other taxes. List type and amount: _____	17z	
18	Total additional taxes. Add lines 17a through 17z.....	18	
19	Reserved for future use.....	19	
20	Section 965 net tax liability installment from Form 965-A.....	20	
21	Add lines 4, 7 through 16, and 18. These are your total other taxes . Enter here and on Form 1040 or 1040-SR, line 23, or Form 1040-NR, line 23b.....	21	8,769.

SCHEDULE 3
(Form 1040)

Department of the Treasury
Internal Revenue Service

Additional Credits and Payments

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2022
Attachment
Sequence No. **03**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

LUTHER TAXPAYER

Your social security number

009-09-0999

Part I Nonrefundable Credits

1	Foreign tax credit. Attach Form 1116 if required		1	
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	
4	Retirement savings contributions credit. Attach Form 8880		4	200.
5	Residential energy credits. Attach Form 5695		5	
6	Other nonrefundable credits:			
a	General business credit. Attach Form 3800	6a		
b	Credit for prior year minimum tax. Attach Form 8801	6b		
c	Adoption credit. Attach Form 8839	6c		
d	Credit for the elderly or disabled. Attach Schedule R	6d		
e	Alternative motor vehicle credit. Attach Form 8910	6e		
f	Qualified plug-in motor vehicle credit. Attach Form 8936	6f		
g	Mortgage interest credit. Attach Form 8396	6g		
h	District of Columbia first-time homebuyer credit. Attach Form 8859	6h		
i	Qualified electric vehicle credit. Attach Form 8834	6i		
j	Alternative fuel vehicle refueling property credit. Attach Form 8911	6j		
k	Credit to holders of tax credit bonds. Attach Form 8912	6k		
l	Amount on Form 8978, line 14. See instructions	6l		
z	Other nonrefundable credits. List type and amount: _____	6z		
7	Total other nonrefundable credits. Add lines 6a through 6z		7	
8	Add lines 1 through 5 and 7. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 20		8	200.

(continued on page 2)

BAA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule 3 (Form 1040) 2022

Part II Other Payments and Refundable Credits

9	Net premium tax credit. Attach Form 8962.....		9	
10	Amount paid with request for extension to file (see instructions).....		10	
11	Excess social security and tier 1 RRTA tax withheld.....		11	
12	Credit for federal tax on fuels. Attach Form 4136.....		12	
13	Other payments or refundable credits:			
a	Form 2439.....	13a		
b	Credit for qualified sick and family leave wages paid in 2022 from Schedule(s) H for leave taken before April 1, 2021.....	13b		
c	Reserved for future use.....	13c		
d	Credit for repayment of amounts included in income from earlier years.....	13d		
e	Reserved for future use.....	13e		
f	Deferred amount of net 965 tax liability (see instructions).....	13f		
g	Reserved for future use.....	13g		
h	Credit for qualified sick and family leave wages paid in 2022 from Schedule(s) H for leave taken after March 31, 2021, and before October 1, 2021.....	13h		
z	Other payments or refundable credits. List type and amount: _____	13z		
14	Total other payments or refundable credits. Add lines 13a through 13z.....		14	
15	Add lines 9 through 12 and 14. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 31.....		15	0.

SCHEDULE SE
(Form 1040)

Department of the Treasury
Internal Revenue Service

Self-Employment Tax

Go to www.irs.gov/ScheduleSE for instructions and the latest information.
Attach to Form 1040, 1040-SR, or 1040-NR.

OMB No. 1545-0074

2022

Attachment
Sequence No. 17

Name of person with self-employment income (as shown on Form 1040, 1040-SR, or 1040-NR)

Social security number of person
with self-employment income 009-09-0999

LUTHER TAXPAYER

Part I Self-Employment Tax

See Stmt 2

Note: If your only income subject to self-employment tax is church employee income, see instructions for how to report your income and the definition of church employee income.

A If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I.

Skip lines 1a and 1b if you use the farm optional method in Part II. See instructions.

1 a Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A. **1 a**

b If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code AH. **1 b**

Skip line 2 if you use the nonfarm optional method in Part II. See instructions.

2 Net profit or (loss) from Schedule C, line 31; and Schedule K-1 (Form 1065), box 14, code A (other than farming). See instructions for other income to report or if you are a minister or member of a religious order. **2** 62,061.

3 Combine lines 1a, 1b, and 2. **3** 62,061.

4 a If line 3 is more than zero, multiply line 3 by 92.35% (0.9235). Otherwise, enter amount from line 3. **4 a** 57,313.

Note: If line 4a is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.

b If you elect one or both of the optional methods, enter the total of lines 15 and 17 here. **4 b**

c Combine lines 4a and 4b. If less than \$400, stop; you don't owe self-employment tax. Exception: If less than \$400 and you had church employee income, enter -0- and continue. **4 c** 57,313.

5 a Enter your church employee income from Form W-2. See instructions for definition of church employee income. **5 a**

b Multiply line 5a by 92.35% (0.9235). If less than \$100, enter -0-. **5 b** 0.

6 Add lines 4c and 5b. **6** 57,313.

7 Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2022. **7** 147,000.

8 a Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$147,000 or more, skip lines 8b through 10, and go to line 11. **8 a**

b Unreported tips subject to social security tax from Form 4137, line 10. **8 b**

c Wages subject to social security tax from Form 8919, line 10. **8 c**

d Add lines 8a, 8b, and 8c. **8 d**

9 Subtract line 8d from line 7. If zero or less, enter -0- here and on line 10 and go to line 11. **9** 147,000.

10 Multiply the smaller of line 6 or line 9 by 12.4% (0.124). **10** 7,107.

11 Multiply line 6 by 2.9% (0.029). **11** 1,662.

12 Self-employment tax. Add lines 10 and 11. Enter here and on Schedule 2 (Form 1040), line 4. **12** 8,769.

13 Deduction for one-half of self-employment tax. Multiply line 12 by 50% (0.50). Enter here and on Schedule 1 (Form 1040), line 15. **13** 4,385.

Part II Optional Methods To Figure Net Earnings (see instructions)

Farm Optional Method. You may use this method only if (a) your gross farm income⁽¹⁾ wasn't more than \$9,060, or (b) your net farm profits⁽²⁾ were less than \$6,540.

14 Maximum income for optional methods. **14** 6,040.

15 Enter the smaller of: two-thirds (2/3) of gross farm income⁽¹⁾ (not less than zero) or \$6,040. Also, include this amount on line 4b above. **15**

Nonfarm Optional Method. You may use this method only if (a) your net nonfarm profits⁽³⁾ were less than \$6,540 and also less than 72.189% of your gross nonfarm income,⁽⁴⁾ and (b) you had net earnings from self-employment of at least \$400 in 2 of the prior 3 years. **Caution:** You may use this method no more than five times.

16 Subtract line 15 from line 14. **16**

17 Enter the smaller of: two-thirds (2/3) of gross nonfarm income⁽⁴⁾ (not less than zero) or the amount on line 16. Also, include this amount on line 4b above. **17**

⁽¹⁾ From Sch. F, line 9; and Sch. K-1 (Form 1065), box 14, code B.

⁽³⁾ From Sch. C, line 31; and Sch. K-1 (Form 1065), box 14, code A.

⁽²⁾ From Sch. F, line 34; and Sch. K-1 (Form 1065), box 14, code A — minus the amount you would have entered on line 1b had you not used the optional method.

⁽⁴⁾ From Sch. C, line 7; and Sch. K-1 (Form 1065), box 14, code C.

Department of the Treasury
Internal Revenue Service

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form8880 for the latest information.

2022

Attachment
Sequence No. **54**

Name(s) shown on return

Your social security number

LUTHER TAXPAYER

009-09-0999

CAUTION! You cannot take this credit if either of the following applies.

- The amount on Form 1040, 1040-SR, or 1040-NR, line 11, is more than \$34,000 (\$51,000 if head of household; \$68,000 if married filing jointly).
- The person(s) who made the qualified contribution or elective deferral (a) was born after January 1, 2005; (b) is claimed as a dependent on someone else's 2022 tax return; or (c) was a student (see instructions).

	(a) You	(b) Your spouse
1 Traditional and Roth IRA contributions, and ABLÉ account contributions by the designated beneficiary for 2022. Do not include rollover contributions	2,000.	
2 Elective deferrals to a 401(k) or other qualified employer plan, voluntary employee contributions, and 501(c)(18)(D) plan contributions for 2022 (see instructions)	1,200.	
3 Add lines 1 and 2	3,200.	
4 Certain distributions received after 2019 and before the due date (including extensions) of your 2022 tax return (see instructions). If married filing jointly, include both spouses' amounts in both columns. See instructions for an exception		
5 Subtract line 4 from line 3. If zero or less, enter -0-	3,200.	
6 In each column, enter the smaller of line 5 or \$2,000	2,000.	
7 Add the amounts on line 6. If zero, stop; you can't take this credit		2,000.
8 Enter the amount from Form 1040, 1040-SR, or 1040-NR, line 11*	24,534.	
9 Enter the applicable decimal amount from the table below		

If line 8 is –		And your filing status is –		
Over–	But not over –	Married filing jointly	Head of household	Single, Married filing separately, or Qualifying surviving spouse
Enter on line 9 –				
---	\$20,500	0.5	0.5	0.5
\$20,500	\$22,000	0.5	0.5	0.2
\$22,000	\$30,750	0.5	0.5	0.1
\$30,750	\$33,000	0.5	0.2	0.1
\$33,000	\$34,000	0.5	0.1	0.1
\$34,000	\$41,000	0.5	0.1	0.0
\$41,000	\$44,000	0.2	0.1	0.0
\$44,000	\$51,000	0.1	0.1	0.0
\$51,000	\$68,000	0.1	0.0	0.0
\$68,000	---	0.0	0.0	0.0

Note: If line 9 is zero, stop; you can't take this credit.

10 Multiply line 7 by line 9	200.
11 Limitation based on tax liability. Enter the amount from the Credit Limit Worksheet in the instructions	1,160.
12 Credit for qualified retirement savings contributions. Enter the smaller of line 10 or line 11 here and on Schedule 3 (Form 1040), line 4	200.

* See Pub. 590-A for the amount to enter if you claim any exclusion or deduction for foreign earned income, foreign housing, or income from Puerto Rico or for bona fide residents of American Samoa.

BAA For Paperwork Reduction Act Notice, see your tax return instructions.

Form **8880** (2022)

Client 9000

LUTHER TAXPAYER

009-09-0999

8/28/23

03:48PM

Statement 1
Form 1040
Wage Schedule

<u>Taxpayer - Employer</u>	<u>Wages</u>	<u>Federal W/H</u>	<u>FICA</u>	<u>Medi- care</u>	<u>State W/H</u>	<u>SDI</u>
LUTHERAN CHURCH	28,800.					
Excess Minister's Allowance	1,742.					
Grand Total	<u>30,542.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>

Statement 2
Minister's Parsonage Allowance
Adapted from IRS Publication 517

Percentage of Tax-Free Income

1. Wages	\$ 28,800.
2. Schedule C Gross Income	
3. Fair Rental Value of Parsonage Provided by Church	
4a. Parsonage Allowance	35,000.
4b. Utility Allowance	
4c. Total Allowance	35,000.
4d. Actual Parsonage Expense	35,000.
4e. Actual Utility Expense	
4f. Total Actual Expenses	35,000.
4g. Fair Rental Value of Parsonage, Plus the Cost of Utilities	35,000.
4h. Smaller of 4c, 4f, or 4g	35,000.
4i. Excess Allowance (line 4c - line 4h)	
5a. Taxable Ministerial Income (lines 1 + 2 + 4i)	28,800.
5b. Nontaxable Ministerial Income (line 3 + line 4h)	35,000.
5c. Total Ministerial Income (lines 1 + 2 + 3 + 4h + 4i)	63,800.
6. Ratio of Tax-free to Total Income (line 5b / line 5c)	54.86%

Allowable Schedule C Expenses

1. Total Schedule C Expenses	
2. Nondeductible Expenses (line 1 * ratio)	
3. Allowable Schedule C Expenses	

Allowable Employee Business Expenses

1. Total Unreimbursed Employee Business Expenses	\$ 1,739.
2. Nondeductible Expenses (line 1 * ratio)	-954.
3. Allowable Employee Business Expenses	<u>785.</u>

Client 9000

LUTHER TAXPAYER

009-09-0999

8/28/23

03:48PM

Statement 2 (continued)
 Minister's Parsonage Allowance
 Adapted from IRS Publication 517

Net Self-Employment Income

1. Wages.....	\$	28,800.
2. Schedule C Net Income.....		
3a. Parsonage Allowance (or FRV of parsonage if church provided).....		35,000.
3b. Utility Allowance.....		
3c. Total Allowance (line 3a + line 3b).....		<u>35,000.</u>
4. Income (lines 1 + 2 + 3c).....		63,800.
5. Disallowed Schedule C Expenses.....		
6. Unreimbursed Employee Business Expenses.....		<u>1,739.</u>
7. Total Expenses not Deducted (line 5 + line 6).....		<u>1,739.</u>
8. Net Self-Employment Income (line 4 - line 7).....		<u><u>62,061.</u></u>

APE

ATTACH FEDERAL RETURN

009-09-0999 TAXP
LUTHER TAXPAYER

22

1234 ASFAULT DR
ANYTOWN CA 92700

02-05-1978

Principal Residence

Enter your county at time of filing (see instructions)

ORANGE

If your address above is the same as your principal/physical residence address at the time of filing, check this box.

If not, enter below your principal/physical residence address at the time of filing.

Street address (number and street) (If foreign address, see instructions.)

Apt. no/ste. no.

City

State

ZIP code

Filing Status

If your California filing status is different from your federal filing status, check the box here.

1 Single

4 Head of household (with qualifying person). See instructions.

2 Married/RDP filing jointly. See instr.

5 Qualifying surviving spouse/RDP. Enter year spouse/RDP died. _____

See instructions. _____

3 Married/RDP filing separately. Enter spouse's/RDP's SSN or ITIN above and full name here. _____

6 If someone can claim you (or your spouse/RDP) as a dependent, check the box here. See instr.

Exemptions

► For line 7, line 8, line 9, and line 10: Multiply the number you enter in the box by the pre-printed dollar amount for that line.

Whole dollars only

7 Personal: If you checked box 1, 3, or 4 above, enter 1 in the box. If you checked box 2 or 5, enter 2 in the box. If you checked the box on line 6, see instructions. 7 x \$140 = \$ 140.

8 Blind: If you (or your spouse/RDP) are visually impaired, enter 1; if both are visually impaired, enter 2. 8 x \$140 = \$ _____

9 Senior: If you (or your spouse/RDP) are 65 or older, enter 1; if both are 65 or older, enter 2. See instructions. 9 x \$140 = \$ _____

Exemptions

Your name: LUTHER TAXPAYER

Your SSN or ITIN: 009-09-0999

10 Dependents: Do not include yourself or your spouse/RDP.

	Dependent 1	Dependent 2	Dependent 3
First Name <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Last Name <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SSN. See instr. <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dependent's relationship to you <input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Total dependent exemptions 10 x \$433 = \$ _____

11 Exemption amount: Add line 7 through line 10. Transfer this amount to line 32. 11 \$ 140.

Taxable Income

12 State wages from your federal Form(s) W-2, box 16. 12 28,800.

13 Enter federal adjusted gross income from federal Form 1040 or 1040-SR, line 11. 13 24,534.

14 California adjustments – subtractions. Enter the amount from Schedule CA (540), Part I, line 27, column B 14 _____

15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See instructions 15 24,534.

16 California adjustments – additions. Enter the amount from Schedule CA (540), Part I, line 27, column C 16 _____

17 California adjusted gross income. Combine line 15 and line 16 17 24,534.

18 Enter the larger of
 Your California itemized deductions from Schedule CA (540), Part II, line 30; OR
 Your California standard deduction shown below for your filing status:
 Single or Married/RDP filing separately \$5,202
 Married/RDP filing jointly, Head of household, or Qualifying surviving spouse/RDP \$10,404
 If Married/RDP filing separately or the box on line 6 is checked,
 STOP. See instructions
 18 5,202.

19 Subtract line 18 from line 17. This is your **taxable income**. If less than zero, enter -0-. 19 19,332.

Tax

31 Tax. Check the box if from: Tax Table Tax Rate Schedule
 FTB 3800 FTB 3803 31 285.

32 Exemption credits. Enter the amount from line 11. If your federal AGI is more than \$229,908, see instructions. 32 140.

33 Subtract line 32 from line 31. If less than zero, enter -0-. 33 145.

34 Tax. See instructions. Check the box if from: Schedule G-1 FTB 5870A 34 _____

35 Add line 33 and line 34. 35 145.

Special Credits

40 Nonrefundable Child and Dependent Care Expenses Credit. See instructions 40 _____

43 Enter credit name code and amount 43 _____

44 Enter credit name code and amount 44 _____

Your name: LUTHER TAXPAYER

Your SSN or ITIN: 009-09-0999

Special Credits

- 45 To claim more than two credits. See instructions. Attach Schedule P (540)..... ● 45 _____
- 46 Nonrefundable Renter's Credit. See instructions..... ● 46 _____ 60.
- 47 Add line 40 through line 46. These are your total credits..... ● 47 _____ 60.
- 48 Subtract line 47 from line 35. If less than zero, enter -0-..... ● 48 _____ 85.

Other Taxes

- 61 Alternative Minimum Tax. Attach Schedule P (540)..... ● 61 _____
- 62 Mental Health Services Tax. See instructions..... ● 62 _____
- 63 Other taxes and credit recapture. See instructions..... ● 63 _____
- 64 Add line 48, line 61, line 62, and line 63. This is your total tax..... ● 64 _____ 85.

Payments

- 71 California income tax withheld. See instructions..... ● 71 _____
- 72 2022 California estimated tax and other payments. See instructions..... ● 72 _____ 120.
- 73 Withholding (Form 592-B and/or Form 593). See instructions..... ● 73 _____
- 74 Excess SDI (or VPDI) withheld. See instructions..... ● 74 _____ 0.
- 75 Earned Income Tax Credit (EITC). See instructions..... ● 75 _____ 51.
- 76 Young Child Tax Credit (YCTC). See instructions..... ● 76 _____
- 77 Foster Youth Tax Credit (FYTC). See instructions..... ● 77 _____
- 78 Add line 71 through line 77. These are your total payments.
See instructions..... ● 78 _____ 171.

Use Tax

- 91 Use Tax. Do not leave blank. See instructions..... ● 91 _____ 0.

If line 91 is zero, check if: No use tax is owed. You paid your use tax obligation directly to CDTFA.

ISR Penalty

- 92 If you and your household had full-year health care coverage, check the box.
See instructions. Medicare Part A or C coverage is qualifying health care coverage
if you did not check the box, see instructions..... ● _____
- Individual Shared Responsibility (ISR) Penalty. See instructions..... ● 92 _____

Overpaid Tax/Tax Due

- 93 Payments balance. If line 78 is more than line 91, subtract line 91 from line 78..... ● 93 _____ 171.
- 94 Use Tax balance. If line 91 is more than line 78, subtract line 78 from line 91..... ● 94 _____
- 95 Payments after Individual Shared Responsibility Penalty. If line 93 is more than line 92,
subtract line 92 from line 93..... ● 95 _____ 171.
- 96 Individual Shared Responsibility Penalty Balance. If line 92 is more than line 93,
subtract line 93 from line 92..... ● 96 _____
- 97 Overpaid tax. If line 95 is more than line 64, subtract line 64 from line 95..... ● 97 _____ 86.

Your name: **LUTHER TAXPAYER**

Your SSN or ITIN: **009-09-0999**

Overpaid Tax/Tax Due

- 98 Amount of line 97 you want applied to your 2023 estimated tax. ● 98 _____
- 99 Overpaid tax available this year. Subtract line 98 from line 97 ● 99 86.
- 100 Tax due. If line 95 is less than line 64, subtract line 95 from line 64. ● 100

Contributions

Code Amount

- California Seniors Special Fund. See instructions. ● 400 _____
- Alzheimer's Disease and Related Dementia Voluntary Tax Contribution Fund ● 401 _____
- Rare and Endangered Species Preservation Voluntary Tax Contribution Program ● 403 _____
- California Breast Cancer Research Voluntary Tax Contribution Fund ● 405 _____
- California Firefighters' Memorial Voluntary Tax Contribution Fund ● 406 _____
- Emergency Food for Families Voluntary Tax Contribution Fund ● 407 _____
- California Peace Officer Memorial Foundation Voluntary Tax Contribution Fund ● 408 _____
- California Sea Otter Voluntary Tax Contribution Fund ● 410 _____
- California Cancer Research Voluntary Tax Contribution Fund ● 413 _____
- School Supplies for Homeless Children Voluntary Tax Contribution Fund ● 422 _____
- State Parks Protection Fund/Parks Pass Purchase ● 423 _____
- Protect Our Coast and Oceans Voluntary Tax Contribution Fund ● 424 _____
- Keep Arts in Schools Voluntary Tax Contribution Fund ● 425 _____
- Prevention of Animal Homelessness and Cruelty Voluntary Tax Contribution Fund ● 431 _____
- California Senior Citizen Advocacy Voluntary Tax Contribution Fund ● 438 _____
- Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund ● 439 _____
- Rape Kit Backlog Voluntary Tax Contribution Fund ● 440 _____
- Suicide Prevention Voluntary Tax Contribution Fund ● 444 _____
- Mental Health Crisis Prevention Voluntary Tax Contribution Fund ● 445 _____
- California Community and Neighborhood Tree Voluntary Tax Contribution Fund ● 446 _____
- 110 Add amounts in code 400 through code 446. This is your total contribution ● 110 _____

Amount You Owe

111 **AMOUNT YOU OWE.** If you do not have an amount on line 99, add line 94, line 96, line 100, and line 110. See instructions. Do not send cash.

Mail to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001.** ● 111 _____
Pay Online — Go to ftb.ca.gov/pay for more information.

Your name: LUTHER TAXPAYER

Your SSN or ITIN: 009-09-0999

Interest and Penalties

112 Interest, late return penalties, and late payment penalties 112 _____

113 Underpayment of estimated tax.

Check the box: FTB 5805 attached FTB 5805F attached 113 _____

114 Total amount due. See instructions. Enclose, but do not staple, any payment. 114 _____

Refund and Direct Deposit

115 REFUND OR NO AMOUNT DUE. Subtract the sum of line 110, line 112, and line 113 from line 99. See instructions.

Mail to: FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0001 115 _____ 86.

Fill in the information to authorize direct deposit of your refund into one or two accounts. Do not attach a voided check or a deposit slip. See instructions.
 Have you verified the routing and account numbers? Use whole dollars only.
 All or the following amount of my refund (line 115) is authorized for direct deposit into the account shown below:

Type

Routing number Checking Account number 116 Direct deposit amount

Savings

The remaining amount of my refund (line 115) is authorized for direct deposit into the account shown below:

Type

Routing number Checking Account number 117 Direct deposit amount

Savings

Voter Info. For voter registration information, check the box and go to sos.ca.gov/elections. See instructions.

IMPORTANT: See the instructions to find out if you should attach a copy of your complete federal tax return.

Our privacy notice can be found in annual tax booklets or online. Go to ftb.ca.gov/privacy to learn about our privacy policy statement, or go to ftb.ca.gov/forms and search for 1131 to locate FTB 1131 EN-SP, Franchise Tax Board Privacy Notice on Collection. To request this notice by mail, call 800.338.0505 and enter form code 948 when instructed.

Under penalties of perjury, I declare that I have examined this tax return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Your signature _____ Date _____ Spouse's/RDP's signature (if a joint tax return, both must sign) _____

Your email address. Enter only one email address.

Preferred phone number

Sign Here

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge)

KATHLEEN ROSSOW, EA

It is unlawful to forge a spouse's/RDP's signature.

Firm's name (or yours, if self-employed)
SCHMIDT & ASSOCIATES

PTIN
P00049847

Firm's address
17782 E. 17TH STREET, STE. 107
TUSTIN, CA 92780

Firm's FEIN
743204796

Joint tax return? (See instructions).

Do you want to allow another person to discuss this tax return with us? See instructions Yes No

Print Third Party Designee's Name
KATHLEEN ROSSOW EA

Telephone Number
714-573-1720

2022 California Earned Income Tax Credit

3514

Attach to your California Form 540, Form 540 2EZ, or Form 540NR.

Name(s) as shown on tax return

Your SSN or ITIN

LUTHER TAXPAYER

009-09-0999

If you are separated from your spouse/registered domestic partner (RDP), filing a separate return, and meet the requirements to claim the California Earned Income Tax Credit (EITC) (see instructions), check here

Before you begin:

If you claim the California EITC even though you know you are not eligible, you may not be allowed to take the credit for up to 10 years.

If you are claiming the California EITC, you must provide your date of birth (DOB), and spouse's/RDP's DOB if filing jointly, on your California tax return.

If you qualify for the California EITC, you may also qualify for the YCTC and/or the FYTC. You may also qualify for the YCTC if you would otherwise have been allowed the California EITC but you have earned income of zero dollars or less. See instructions for additional information.

Follow Step 1 through Step 11 in the instructions to determine if you meet the requirements to complete this form, and to figure the amount of the credit(s).

Part I Qualifying Information See Specific Instructions.

- 1 a Has the Internal Revenue Service (IRS) previously disallowed your federal Earned Income Credit (EIC)?
b Has the Franchise Tax Board (FTB) previously disallowed your California EITC?
2 Federal AGI (federal Form 1040 or 1040-SR, line 11).
3 Federal EIC (federal Form 1040 or 1040-SR, line 27).

Part II Investment Income Information

- 4 Investment income. See instructions for Step 2 - Investment Income

Part III Qualifying Child Information

You must complete Part I and Part II before filling out Part III. If you are not claiming a qualifying child, skip Part III and go to Step 4 in the instructions.

Qualifying Child Information (Complete line 5 through line 12 for each child under Child 1, Child 2, or Child 3, as applicable.)

Form with columns for Child 1, Child 2, and Child 3. Fields include: 5 First name, 6 Last name, 7 SSN or ITIN, 8 Date of birth, 9 a Was the child under age 24 at the end of 2022, a student, and younger than you, 9 b Was the child permanently and totally disabled during any part of 2022?, 10 Child's relationship to you, 11 Number of days child lived with you in California during 2022.

12 Child's physical address during 2022. See instructions.

Child 1 **a** Street address (number, street, and apt. no./ste. no.)

b City **c** State **d** ZIP Code

Child 2 **a** Street address (number, street, and apt. no./ste. no.)

b City **c** State **d** ZIP Code

Child 3 **a** Street address (number, street, and apt. no./ste. no.)

b City **c** State **d** ZIP Code

Part IV California Earned Income

13 Wages, salaries, tips, and other employee compensation, subject to California withholding. See instructions. 13

14 IHSS payments. See instructions. 14

15 Prison inmate wages and/or pension or annuity from a nonqualified deferred compensation plan or a nongovernmental IRC Section 457 plan. See instructions. 15

16 Subtract line 14 and line 15 from line 13. 16

17 Nontaxable combat pay. See instructions. 17

18 Business income or (loss). Enter amount from Worksheet 3, line 5. See instructions. 18

a Business name

b Business address

Street address (number, street, and apt. no./ste. no.)

c City **d** State **e** ZIP Code

c Business license number

d SEIN

e Business code

19 California Earned Income. Add line 16, line 17, and line 18. 19

Part V California Earned Income Tax Credit (Complete Step 6 in the instructions.)

20 California EITC. Enter amount from California Earned Income Tax Credit Worksheet, Part III, line 6. This amount should also be entered on Form 540, line 75; or Form 540 2EZ, line 23a. 20

Part VI Nonresident or Part-Year Resident California Earned Income Tax Credit

- 21 CA Exemption Credit Percentage from Form 540NR, line 38. See instructions 21
- 22 Nonresident or Part-Year Resident EITC. Multiply line 20 by line 21.
This amount should also be entered on Form 540NR, line 85 ● 22

Part VII Young Child Tax Credit (See Step 8 in the instructions before completing this part.)

- 23 California Earned Income. Enter the amount from form FTB 3514, line 19. If the amount entered here is greater than \$0, do not complete line 23a or line 23b and continue on to line 24. 23
- a Total wages, salaries, tips, and other employee compensation. See instructions. ● 23a
- b If your total net loss exceeds \$32,490, check the box. See instructions. ● 23b
- 24 Available Young Child Tax Credit 24
- If the amount on line 23 is \$25,000 or less, skip line 25 through line 27 and enter \$1,083 on line 28. If applicable, complete line 29 and line 30.
 - If the amount on line 23 is greater than \$25,000, complete line 25 through line 28. If applicable, complete line 29 and line 30.
- 25 Excess Earned Income over threshold. Subtract \$25,000 from line 23. ● 25
- 26 Divide line 25 by 100. Enter the result as a decimal out to two decimal places, do not round. 26
- 27 Reduction amount. Multiply line 26 by \$21.66. Enter the result as a decimal out to two decimal places, do not round. ● 27
- 28 Young Child Tax Credit.
• If you did not need to complete line 25 through line 27, your credit is the \$1,083 from line 24.
• If you completed lines 25 through 27, to compute your credit, subtract line 27 from line 24. If your credit amount is between \$0 and \$1, enter \$1. If your credit amount is over \$1, round to the nearest whole dollar.
This amount should also be entered on Form 540, line 76; or Form 540 2EZ, line 23b. ● 28

Part VIII Nonresident or Part-Year Resident Young Child Tax Credit (See Step 9 in the instructions.)

- 29 CA Exemption Credit Percentage from Form 540NR, line 38. See instructions 29
- 30 Nonresident or Part-Year Resident YCTC. Multiply line 28 by line 29.
This amount should also be entered on Form 540NR, line 86 ● 30

Part IX Foster Youth Tax Credit (See Step 10 in the instructions.)

- 31 Who is claiming the FYTC? If both spouses/RDPs qualify, you must each check the box that applies to you. See instructions.
- a Primary Taxpayer: My name is the first name listed on this return. ●
- b Spouse/RDP: My name is listed as the spouse/RDP on this joint return. ●
- 32 Qualifying foster youth information. See instructions.
- | | Primary Taxpayer | Spouse/RDP |
|--------------------|----------------------|----------------------|
| a First name | <input type="text"/> | <input type="text"/> |
| b Last name | <input type="text"/> | <input type="text"/> |

33 To better assist us in verifying your eligibility, please check the applicable box(es) below. See instructions.

- a Primary Taxpayer: By checking the box and signing the tax return to which this form is attached, I certify that I am the primary taxpayer listed on this return and voluntarily consent and authorize the California Department of Social Services and any of its affiliated programs (including, but not limited to, CalWORKS and CalFRESH) to confirm or deny, and disclose relevant information to the State of California Franchise Tax Board regarding, my California Franchise Tax Board eligibility for the FYTC.
- b Spouse/RDP: By checking the box and signing the tax return to which this form is attached, I certify that I am the spouse/RDP listed on this joint return and voluntarily consent and authorize the California Department of Social Services and any of its affiliated programs (including, but not limited to, CalWORKS and CalFRESH) to confirm or deny, and disclose relevant information to the State of California Franchise Tax Board regarding, my eligibility for the FYTC.

Note: Each individual who claims the FYTC and does not check the applicable box above must attach to this return a letter issued by a county or state agency confirming that individual's status as a foster youth at or after age 13, or other proof of status, as a condition of receiving the FYTC.

34 California Earned Income. Enter the amount from form FTB 3514, line 19. 34

35 Available Foster Youth Credit. 35

- If the amount on line 34 is \$25,000 or less, skip line 36 through line 38 and enter on line 35 and line 39 the following amount.
 - If either the taxpayer or spouse/RDP is claiming the FYTC, enter \$1,083 on line 35 and line 39.
 - If both taxpayer and spouse/RDP are claiming the FYTC, enter \$2,166 on line 35 and 39.
 If applicable, complete line 40 and line 41.
- If the amount on line 34 is greater than \$25,000, complete line 36 through line 38 and enter on line 35 the following amount.
 - If either the taxpayer or spouse/RDP is claiming the FYTC, enter \$1,083 on line 35.
 - If both taxpayer and spouse/RDP are claiming the FYTC, enter \$2,166 on line 35 and 35.
 If applicable, complete line 40 and line 41.

36 Excess Earned Income over threshold. Subtract \$25,000 from line 34. 36

37 Divide line 36 by 100. Enter the result as a decimal out to two decimal places, do not round. 37

38 Reduction amount. 38

- If either the taxpayer or spouse/RDP is claiming the FYTC, multiply line 37 by \$21.66. Enter the result as a decimal out to two decimal places, do not round.
- If both taxpayer and spouse/RDP are claiming the FYTC, multiply line 37 by \$43.32. Enter the result as a decimal out to two decimal places, do not round.

39 Foster Youth Tax Credit.

- If you did not need to complete line 36 through line 38, and either the taxpayer or spouse/RDP is claiming the FYTC, the credit is the \$1,083 from line 35.
- If you did not need to complete line 36 through line 38, and both taxpayer and spouse/RDP are claiming the FYTC, the credit is the \$2,166 from line 35.
- If you completed line 36 through line 38, to compute your credit, subtract line 38 from line 35. If your credit amount is between \$0 and \$1, enter \$1. If your credit amount is over \$1, round to the nearest whole dollar.

This amount should also be entered on Form 540, line 77; or Form 540 2EZ, line 23c. 39

Part X Foster Youth Tax Credit (See Step 10 in the instructions.)

40 CA Exemption Credit Percentage from Form 540NR, line 38. See instructions 40

41 Nonresident or Part-Year Resident FYTC. Multiply line 39 by line 40. 41

This amount should also be entered on Form 540NR line 87.

Paid Preparer's Due Diligence Checklist for California Earned Income Tax Credit

Attach to taxpayer's original or amended California Form 540, 540 2EZ, or 540NR.

Name(s) as shown on tax return

SSN or ITIN

LUTHER TAXPAYER

009-09-0999

Part I Due Diligence Requirements

1a Preparer's name 1a KATHLEEN ROSSOW,

b Preparer's PTIN 1b P00049847

c Preparer's license, registration, or enrollment type. Check one box

CPA EA Attorney CTEC Other (specify) _____

If CPA, Attorney, or Other, enter license, registration, or enrollment state 1c _____

d Preparer's license, registration, or enrollment number 1d 000066968

2 Did you complete form FTB 3514, California Earned Income Tax Credit, based on current information provided by the taxpayer or reasonably obtained by you? 2 Yes No

3 Did you complete the California Earned Income Tax Credit Worksheet found in the form FTB 3514 instructions, or your own worksheet that provides the same information as the form FTB 3514 worksheet? 3 Yes No

4 Did you satisfy the knowledge requirement? To meet the knowledge requirement, you must do both of the following:
• Interview the taxpayer, ask questions, and contemporaneously document the taxpayer's responses to determine that the taxpayer is eligible to claim the California Earned Income Tax Credit (EITC)
• Review information to determine that the taxpayer is eligible to claim the credit and for what amount 4 Yes No

5 Did any information provided by the taxpayer, a third party, or reasonably known to you, in connection with preparing form FTB 3514, appear to be incorrect, incomplete, or inconsistent? (If "Yes," answer questions 5a and 5b. If "No," go to question 6.) 5 Yes No

a Did you make reasonable inquiries to determine the correct, complete, and consistent information? 5a Yes No

b Did you contemporaneously document your inquiries? (Documentation should include the questions you asked, whom you asked, when you asked, the information that was provided, and the impact the information had on your preparation of form FTB 3514.) 5b Yes No

6 Did you satisfy the record retention requirement? To meet the record retention requirement, you must keep a copy of your documentation referenced in question 5b, a copy of this form, a copy of applicable worksheets, a record of how, when and from whom the information used to prepare form FTB 3514 and worksheet(s) was obtained, and a copy of any document(s) provided by the taxpayer that you relied on to determine eligibility for or to figure the amount for the credit. 6 Yes No

List those documents provided by the taxpayer, if any, that you relied on.

7 Did you ask the taxpayer whether he/she could provide documentation to substantiate eligibility for and the amount of the EITC claimed on the return if his/her return is selected for audit? 7 Yes No

8 If the taxpayer is reporting self-employment income, did you ask questions to prepare a complete and correct federal Form 1040, Form 1040-SR, Schedule C, Schedule F, or Schedule SE? 8 Yes No
 N/A



Part II Due Diligence Questions

- 9a Have you determined that the taxpayer is eligible to claim the EITC for the number of children whom the EITC is claimed, or to claim the EITC if the taxpayer has no qualifying child? (If the taxpayer is claiming the EITC and does not have a qualifying child, skip questions 9b and 9c and go to Part III.) 9a Yes No
- b Did you explain to the taxpayer that he/she may not claim the EITC if the child has not lived with the taxpayer for over half the year, even if the taxpayer has supported the child? 9b Yes No
- c Did you explain to the taxpayer the rules about claiming the EITC when a child is the qualifying child of more than one person (tiebreaker rules)? 9c Yes No
 N/A

Part III Credit Eligibility Certification

You have complied with all the due diligence requirements if you:

- A. Interview the taxpayer, ask adequate questions, contemporaneously document the taxpayer's responses on the return or in your notes, review adequate information to determine if the taxpayer is eligible to claim the credit and in what amount;
- B. Complete form FTB 3596 truthfully and accurately and complete the actions described in this checklist;
- C. Submit form FTB 3596 in the manner required; and
- D. Keep all five of the following records for 4 years from the latest of the dates specified in the instructions under Document Retention:
 - 1 A copy of form FTB 3596,
 - 2 The EITC worksheet(s) or your own worksheet(s),
 - 3 Copies of any taxpayer documents you relied on to determine eligibility for and to figure the amount of EITC,
 - 4 A record of how, when, and from whom the information used to prepare the form and worksheet(s) was obtained, and
 - 5 A record of any additional information you relied upon including questions you asked and the taxpayer's answers.

If you have not complied with all the due diligence requirements for the EITC claimed, you may have to pay a \$500 penalty for each failure to comply.

- 10 Do you certify that all of the answers on form FTB 3596 are, to the best of your knowledge, true, correct, and complete? 10 Yes No

Client 9000

LUTHER TAXPAYER

8/28/23

03:48PM

Federal

Payment Number	Date Due	2022 Overpayment Credit Applied	Balance Due	Check or money order number or credit card confirmation number	Amount Paid (do not include any credit card convenience fee)	Date paid
1	4/18/23		2,440.			
2	6/15/23		2,440.			
3	9/15/23		2,440.			
4	1/16/24		2,440.			
5						
6						
7						
8						
Total			9,760.			

State: _____

State

Payment Number	Date Due	2022 Overpayment Credit Applied	Balance Due	Check or money order number or credit card confirmation number	Amount Paid (do not include any credit card convenience fee)	Date paid
1						
2						
3						
4						
5						
6						
7						
8						
Total						

This document is for your records. Please use it to record your estimated tax payments and bring it with you for reference in the preparation of your 2023 tax return.

Mail to: Internal Revenue Service
P.O. Box 802502
Cincinnati, OH 45280-2502

▼ Detach Here and Mail With Your Payment ▼

Department of the Treasury
Internal Revenue Service

Calendar Year —
Due 4/18/2023

2023 Form 1040-ES Payment Voucher 1

File only if you are making a payment of estimated tax by check or money order. Mail this voucher with your check or money order payable to the 'United States Treasury.' Write your social security number and '2023 Form 1040-ES' on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Amount of estimated tax you are paying by check or money order	2,440.
--	--------

FDIA1901L 12/13/22 1032



009-09-0999
LUTHER TAXPAYER

1234 ASFAULT DR.
ANYTOWN, CA 92700

INTERNAL REVENUE SERVICE
PO BOX 802502
CINCINNATI OH 45280-2502

009090999 FR TAXP 30 0 202312 430

Employee's Withholding Certificate

Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.
Give Form W-4 to your employer.
 Your withholding is subject to review by the IRS.

2023

Step 1: Enter Personal Information	(a) First name and middle initial LUTHER	Last name TAXPAYER	(b) Social security number 009-09-0999
	Address 1234 ASFAULT DR		Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov
	City or town, state, and ZIP code ANYTOWN CA 92700		
	(c) <input type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly or Qualifying surviving spouse <input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual)		

Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, other details, and privacy.

**Step 2:
Multiple Jobs
or Spouse
Works**

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.

Do only one of the following.

- (a) Reserved for future use.
- (b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below; or
- (c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is generally more accurate than (b) if pay at the lower paying job is more than half of the pay at the higher paying job. Otherwise, (b) is more accurate

TIP: If you have self-employment income, see page 2.

Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3-4(b) on the Form W-4 for the highest paying job.)

Step 3: Claim Dependent and Other Credits	If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly): Multiply the number of qualifying children under age 17 by \$2,000 \$ _____ Multiply the number of other dependents by \$500 \$ _____ Add the amounts above for qualifying children and other dependents. You may add to this the amount of any other credits. Enter the total here	3.	\$ 0
Step 4 (optional): Other Adjustments	(a) Other income (not from jobs). If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income	4(a)	\$ _____
	(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here	4(b)	\$ _____
	(c) Extra withholding. Enter any additional tax you want withheld each pay period	4(c)	\$ 407

**Step 5:
Sign
Here**

Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.

Employee's signature (This form is not valid unless you sign it.) Date

Employers Only	Employer's name and address	First date of employment	Employer identification number (EIN)
---------------------------	-----------------------------	--------------------------	--------------------------------------

Comparison of Called and Contract Church Worker
2022

Facts:

Luther Taxpayer

Age: 40

Unmarried, no children

Salary \$28,800

Housing \$35,000

Un-reimbursed Employee expenses \$1,739

As a called minister Luther would pay:

Federal Tax	\$ 960
Self employment	8,769
CA Tax	<u>85</u>
Total	\$ 9,814

As a regular employee

Federal Tax	\$6,433
Social Security(withheld)	3,956
Medicare(withheld)	925
CA Tax	<u>2,035</u>
Total	\$13,349

There can be a situation when two called married workers may pay more out of pocket than if one was called and one was not. **Although, a call is divine and not for tax planning.**