FORM 1040 · U.S. INDIVIDUAL INCOME TAX RETURN · TAX YEAR 2026

Chapter 3
Introduction to Form 1040

Name, address, filing status and dependents – the first section of the U.S. Individual Income Tax Return

US Taxation Course

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"Every individual return begins with the same four questions: who is filing, where they live, what kind of household they are, and who they support. Answer these correctly and the rest of Form 1040 is built on solid ground."

By the end of this chapter, the student will be able to:

- Explain what Form 1040 is, who files it, when it is due and how it is organized
- Complete the name, SSN and address section correctly
- Apply the December 31 rule and choose the correct filing status: Single, MFJ, MFS, HOH or QSS
- Use the 2026 standard deduction, tax rate schedules, filing thresholds and AMT amounts
- Test a person as a qualifying child or qualifying relative and list dependents on the return
- Link dependents to tax benefits: Child Tax Credit, Credit for Other Dependents, HOH and EIC

> **Take it one section at a time**
>
> The top of Form 1040 looks simple, but every number further down depends on it. Read each section, work every example with the calculator, and the logic of the rules will become clear.

Form 1040 – Introduction: Form 1040 is the U.S. Individual Income Tax Return. Individuals use it to report their income, deductions, credits and tax to the IRS each year.

- It is filed every year by U.S. citizens and resident aliens who meet the filing requirement.
- The 2026 return is due April 15, 2027. An automatic 6-month extension (Form 4868) moves the filing date to October 15, 2027, but any tax due must still be paid by April 15.
- Form 1040-SR is the same return in larger print for taxpayers age 65 or older (for 2026, born before January 2, 1962).
- Page 1 begins with four building blocks: name and SSN, address, filing status and dependents.

> **Why it matters: the first section drives the whole return**
>
> A wrong SSN can cause an e-filed return to be rejected. A wrong filing status changes the standard deduction, the tax brackets and the credits, which changes the tax on every line that follows. Getting this section right is the foundation of every individual return.

Structure of Form 1040:

Part of the form	What it captures	Lines
Taxpayer information	Name, SSN, address, Presidential Election Campaign Fund	Header
Filing status	Single, MFJ, MFS, HOH, QSS	Checkboxes
Digital assets	Whether the taxpayer received, sold or exchanged digital assets	Yes / No
Dependents	Children and relatives the taxpayer supports	Dependents section

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Part of the form	What it captures	Lines
Income	Wages, interest, dividends, pensions, capital gains	1a – 9
Adjustments and AGI	Schedule 1 adjustments, adjusted gross income	10 – 11
Deductions and taxable income	Standard or itemized deduction, QBI deduction	12 – 15
Tax, credits and payments	Tax, credits, withholding, refundable credits	16 – 33
Refund or amount owed	Overpayment, direct deposit, balance due	34 – 38

Line numbers follow the 2025 Form 1040. Confirm them against the 2026 form when the IRS releases it.

> **Pro tip: read the form from top to bottom**
>
> This chapter covers the top of page 1: taxpayer information, filing status, the digital assets question and dependents. Income, deductions, tax and payments are covered in later chapters.

Form 1040 Schedules – An Introduction:

Form 1040 is only two pages long. When a taxpayer has extra income, deductions, taxes or credits that do not fit on those pages, they are reported on a schedule. Each schedule adds up its items, and the total is carried to one line on Form 1040.

- A schedule is attached only when it is needed. A simple return with W-2 wages and the standard deduction usually needs none.
- There are four numbered schedules: 1, 1-A, 2 and 3. This chapter gives only an overview; each schedule is covered in detail in a separate study material.

Schedule	Name	When it is attached (simple examples)	Form 1040 line
Schedule 1	Additional Income and Adjustments to Income	Extra income (side business, rental, unemployment) and adjustments (student loan interest, IRA contribution)	Lines 8 and 10
Schedule 1-A	Additional Deductions	New deductions for 2025–2028: tips, overtime, car loan interest and the senior deduction (age 65+)	Line 13b
Schedule 2	Additional Taxes	Extra taxes (self-employment tax, alternative minimum tax)	Lines 17 and 23
Schedule 3	Additional Credits and Payments	Extra credits (child and dependent care, education) and payments (an extension payment)	Lines 20 and 31

Line numbers follow the 2025 Form 1040. Confirm them against the 2026 form when the IRS releases it.

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> **Pro tip: an easy way to remember**
>
> **1 = more income and adjustments, 1-A = new deductions, 2 = more taxes, 3 = more credits and payments.**

Name and Social Security Number:

Form **1040** Department of the Treasury Internal Revenue Service	**U.S. Individual Income Tax Return** For the year Jan. 1–Dec. 31, or other tax year beginning _____, ending _____	OMB No. 1545-0074 **2026**
Your first name and middle initial	Last name	Your social security number
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.		Apt. no.

Illustration of the top of Form 1040 (layout simplified for study). Highlighted: the name and SSN fields.

- Enter the name exactly as it appears on the Social Security card.
- On a joint return, list both spouses' names and SSNs, in the same order every year.
- Each SSN has 9 digits (XXX-XX-XXXX).
- A person who is not eligible for an SSN uses an ITIN (Individual Taxpayer Identification Number) from the IRS, applied for on Form W-7.
- If the name changed after marriage or divorce, update it with the Social Security Administration (SSA) before filing.

> **Watch out: name and SSN mismatches**
>
> The IRS matches the name and SSN against SSA records. A mismatch, such as a new married name that SSA does not yet have, is one of the most common reasons an e-filed return is rejected.

Home Address:

Home address (number and street). If you have a P.O. box, see instructions.		Apt. no.
City, town, or post office	State	ZIP code
Foreign country name	Foreign province/state/county	Foreign postal code

Illustration of the address block on Form 1040 (layout simplified for study).

- Enter the current home address: street, apartment number, city, state and ZIP code.
- Use a P.O. box only if the post office does not deliver mail to the home.
- A taxpayer living abroad completes the foreign country, province or county, and foreign postal code fields.
- A taxpayer who moves after filing tells the IRS on Form 8822, Change of Address.

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- Presidential Election Campaign Fund: checking the box sends $3 to the fund. It does not change the tax or the refund.

> **Pro tip: keep the address current**
>
> The IRS mails notices and paper refund checks to this address. A missed notice can turn a simple query into penalties and interest.

Digital Assets Question:

- Every taxpayer must answer Yes or No: at any time during the year, did they receive, sell, exchange or otherwise dispose of a digital asset (for example, cryptocurrency or NFTs)?
- Simply holding a digital asset, or moving it between the taxpayer's own wallets, is generally a No.
- Receiving digital assets as payment for services, or selling them, is a Yes, and the income or gain is reported in the income section.

Filing Status – Introduction: Filing status is the first decision on Form 1040. It tells the IRS what kind of household is filing the return: a single person, a married couple, or an unmarried person who supports a family.

Filing status decides:

- Whether the taxpayer must file a return at all (the filing threshold).
- The amount of the standard deduction.
- Which tax rate schedule (brackets) applies to the income.
- Which credits and deductions the taxpayer can claim, and at what income level they phase out.
- The final tax liability.

> **Why it matters: one box can change the tax by thousands**
>
> The law tries to tax a household according to its real ability to pay. A married couple shares one budget, so their amounts are roughly double. A single parent supports a family on one income, so Head of Household sits in between. Choosing the right status is the cheapest tax saving there is.

Filing Status on Form 1040:

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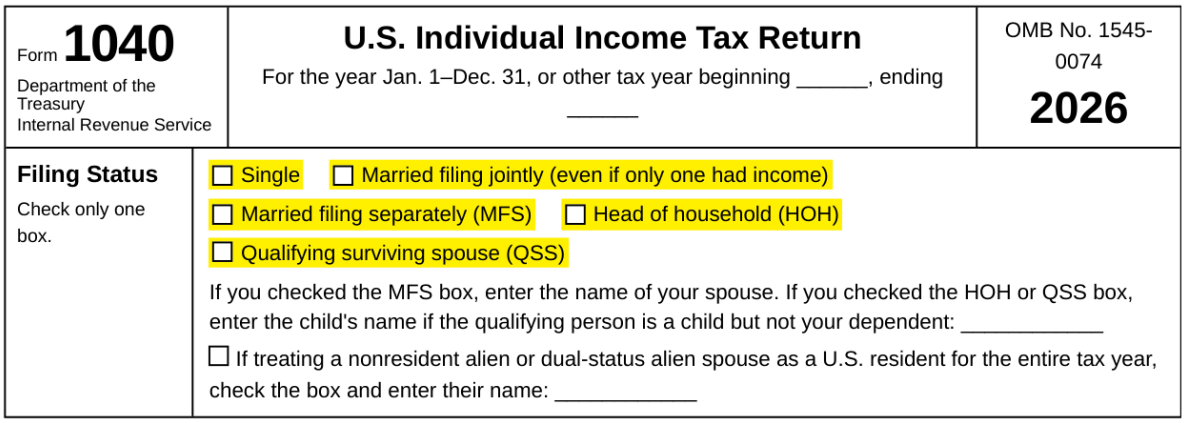

Form 1040 Department of the Treasury Internal Revenue Service	U.S. Individual Income Tax Return For the year Jan. 1–Dec. 31, or other tax year beginning _____, ending _____	OMB No. 1545-0074 2026
Filing Status Check only one box.	☐ Single ☐ Married filing jointly (even if only one had income) ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying surviving spouse (QSS) 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: _____ ☐ If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name: _____	

Illustration of the Filing Status section at the top of page 1 of Form 1040 (layout simplified for study).

- Check only one box.
- If the taxpayer checks MFS, the spouse's name is entered.
- If the taxpayer checks HOH or QSS and the qualifying child is not the taxpayer's dependent, the child's name is entered.
- The last checkbox is for a U.S. person who elects to treat a nonresident alien spouse as a resident (covered later in this chapter).

Same income, different status:

Assume $90,000 of wages, no other income, and the standard deduction (2026 figures):				
Filing status	Gross income	Standard deduction	Taxable income	Tax
Single	$90,000	$16,100	$73,900	$10,970
Married Filing Separately	$90,000	$16,100	$73,900	$10,970
Head of Household	$90,000	$24,150	$65,850	$7,548
MFJ / QSS (one earner)	$90,000	$32,200	$57,800	$6,440

Real-life picture: work the Single figure with your calculator

Taxable income: $90,000 − $16,100 = $73,900 10% on the first $12,400: $1,240 12% on $12,400 to $50,400: 12% × $38,000 = $4,560 22% on $50,400 to $73,900: 22% × $23,500 = $5,170 Total tax: $1,240 + $4,560 + $5,170 = $10,970 The same $90,000 costs $4,530 less under MFJ than under Single, just because of the box that is checked.

The Five Filing Statuses: From least favorable to most favorable for a typical taxpayer:

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1. Married Filing Separately (MFS): half of the MFJ amounts, and many credits lost
2. Single: the default status for an unmarried person
3. Head of Household (HOH): unmarried and supporting a qualifying person
4. Married Filing Jointly (MFJ): the widest brackets and the highest deduction
5. Qualifying Surviving Spouse (QSS): MFJ rates for two years after a spouse's death

Status	Who can use it	2026 standard deduction
Single	Unmarried or legally separated on December 31, and not eligible for a better status	$16,100
MFJ	Married on December 31 (or spouse died during the year), and both agree to file together	$32,200
MFS	Married on December 31, filing their own return	$16,100
HOH	Unmarried (or "considered unmarried") and paid more than half the cost of a home for a qualifying person	$24,150
QSS	Spouse died in either of the two prior years, not remarried, dependent child at home	$32,200

> **Pro tip: the golden rule**
>
> If a taxpayer qualifies for more than one status, choose the one that gives the lowest tax. A married couple can always compare MFJ with MFS.

Marital Status – The December 31 Rule: A taxpayer's marital status for the whole year is set by their status on the last day of the tax year, which is December 31 for almost everyone.

The logic: tax is calculated for a full year, and one return can only show one status. So the law picks one test date. If a taxpayer marries on December 31, they are married for the whole year. If their divorce becomes final on December 31, they are unmarried for the whole year.

A taxpayer is considered MARRIED for the whole year if, on December 31:

- The spouses lived together, or
- The spouses lived apart but had no final decree of divorce or separate maintenance, or
- The spouses were separated under an interlocutory (not final) divorce decree, or
- The couple lived together in a common-law marriage recognized by the state where it began.

A taxpayer is considered UNMARRIED for the whole year if, on December 31:

- The taxpayer was never married, or
- The taxpayer was divorced under a final decree, or
- The taxpayer was legally separated under a final decree of separate maintenance, or

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- The marriage was annulled (treated as if it never existed).

Special marriage points

- Marriage abroad: a marriage valid where it took place is valid for federal tax. Example: Ed and Katy married in Fiji. If their marriage is valid in Fiji, the IRS treats them as married.
- Same-sex marriage: a couple legally married in any state, U.S. territory or foreign country is married for all federal tax purposes.
- Registered domestic partnerships and civil unions are not marriages for federal tax. These partners file as Single or HOH.

Watch out: separation is not divorce

"We separated in June" does not make a person unmarried. A separation agreement signed by the spouses themselves is not a court decree either. Only a **final** decree of divorce or separate maintenance counts.

Real-life picture: Jane's November divorce

Jane's divorce became final on November 20, 2026. On December 31 she is unmarried, so for all of 2026 she files Single, or HOH if she supports a qualifying person. She cannot file jointly with her former husband for 2026.

Choosing a Status – The Decision Path: Follow the questions from top to bottom. Most cases can be answered with these steps.

Married on December 31?

YES NO

Spouse died in either of the 2 prior years, not remarried, dependent child at home?

Both agree to file together?

(includes a spouse who died this year)

- YES
- NO
- YES
- NO

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"Considered unmarried"? MFJ apart last 6 months + child +	QSS
paid more than half of home	

Paid more than half cost of home for a qualifying person?

NO YES

Yes

No

HOH MFS HOH

Single

- A married person who is "considered unmarried" may file HOH instead of MFS.
- A married couple who can file MFJ may still choose MFS. Compare the tax both ways.
- QSS beats HOH, and HOH beats Single. Always take the most favorable status the taxpayer qualifies for.
- In the year a spouse dies, the survivor files MFJ (not QSS), unless they remarried that year.

Single: A taxpayer files as Single if, on December 31, they were unmarried or legally separated under a final decree and they do not qualify for a better status (HOH or QSS).

- Single is the default status for an unmarried person.
- If the person also supports a qualifying person, the law upgrades them to HOH.
- A widow or widower whose spouse died before the current year and who has no dependent child files Single.

> **Real-life picture: Ryan**
> Ryan's divorce became final in November. He lives alone, so he files Single. If his daughter had lived with him for more than half the year and he paid more than half the home costs, he could file HOH instead.

Married Filing Jointly (MFJ): A married couple combine all their income, deductions and credits on one return.

Who can file MFJ

- Spouses who were married on December 31 (living together or apart), or
- A taxpayer whose spouse died during the year and who did not remarry before the year ended.
- Both spouses must agree to file together, and generally both sign the return.
- MFJ is allowed even if only one spouse had income.

Benefits of MFJ

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- The widest brackets: the 10% and 12% brackets are exactly double the Single amounts.
- The highest standard deduction: $32,200 for 2026.
- Full access to credits and deductions that MFS blocks, such as the Earned Income Credit, education credits, the student loan interest deduction and the child and dependent care credit.
- The new 2025–2028 deductions for seniors, tips and overtime require a joint return if the taxpayer is married.

> **Watch out: joint and several liability**
>
> When both spouses sign a joint return, **each** spouse is responsible for the **entire** tax, interest and penalties, even on income earned only by the other spouse and even after a later divorce. Relief may be available under the innocent spouse rules (Form 8857).

Signing when a spouse cannot sign

- Illness or injury: the other spouse signs the spouse's name, then signs "by [own name], husband/wife," and attaches a dated statement explaining why.
- Combat zone: a spouse serving in a combat zone who cannot sign may have the other spouse sign. Attach a signed explanation.
- Power of attorney: an agent may sign. Attach Form 2848.

MFJ in the year of a spouse's death Tom and Susan were married. Susan died in March.

- If Tom does not remarry during the year, he may file MFJ with Susan. The return reports Susan's income up to her death and all of Tom's income for the year.
- If Tom remarries before December 31, he may file jointly with his new spouse. Susan's final return must then be filed as MFS.

> **Pro tip: one person, one joint return**
>
> A person can be on only one joint return for a year. Remarriage creates a new December 31 spouse, so the new marriage takes priority. When filing for a deceased spouse, write "DECEASED", the name and the date of death on the return.

Married Filing Separately (MFS): Each spouse files their own return and reports only their own income, deductions and credits. Either spouse may choose MFS, and it is the only married option when the other spouse will not agree to file jointly.

> **Why MFS gets only half**
>
> If MFS gave the same benefits as two Single returns, couples would split their income across two returns to pay less tax. So the law gives MFS exactly **half** of the MFJ amounts and removes many credits. MFS exists for **legal and practical protection**, not for tax savings.

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Item	Rule under MFS
Standard deduction	$16,100 (half of MFJ). If one spouse itemizes, the other must also itemize.
Tax brackets	Half of MFJ. The 37% rate starts at just $384,350.
Earned Income Credit	Generally not allowed. A narrow exception exists for separated spouses who lived with a qualifying child for more than half the year.
Education credits (AOTC, LLC)	Not allowed
Student loan interest deduction	Not allowed
Child and dependent care credit	Generally not allowed, unless the spouses lived apart
Capital loss deduction	Limited to $1,500 (instead of $3,000)
Traditional IRA deduction (covered by a work plan)	Phases out between $0 and $10,000 of MAGI if the spouses lived together at any time
Social Security benefits	If the spouses lived together at any time, up to 85% can be taxable from the first dollar
Senior ($6,000), tips and overtime deductions	Not allowed. Married taxpayers must file jointly.

Real-life picture: Sarah and Mike

Sarah and Mike live together but keep their finances separate, so they file MFS. Sarah itemizes $19,000 of deductions. Mike must also itemize, even though he has only $4,000 of itemized deductions and would otherwise take the $16,100 standard deduction. Neither of them can claim the EIC.

When MFS can actually help

- Large medical expenses for one spouse. The 7.5%-of-AGI floor is measured on that spouse's smaller AGI.
- Protection from the other spouse's tax problems. Each spouse is liable only for their own return.
- Income-driven student loan repayment plans that look only at the borrower's own income.
- Separation or mistrust. One spouse does not want to sign a return they cannot verify.

Real-life picture: Maria and Leo, compute both ways

Maria (AGI $30,000) has $12,000 of medical bills. Her husband Leo has AGI of $120,000. MFJ: floor 7.5% × $150,000 = $11,250, so only $750 is deductible. MFS: floor 7.5% × $30,000 = $2,250, so $9,750 is deductible on Maria's return. However, Leo must then itemize too, and both lose the wider MFJ brackets. Always compute the total tax both ways before choosing.

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Head of Household (HOH): HOH is for an unmarried (or "considered unmarried") person who keeps up a home for a qualifying person. It has a larger standard deduction ($24,150) and wider low brackets than Single.

A taxpayer qualifies for HOH only if all three tests are met:

1. Unmarried or "considered unmarried" on December 31.
2. Paid more than half the cost of keeping up a home for the year.
3. A qualifying person lived in the home for more than half the year. A dependent parent is the exception and need not live with the taxpayer.

> **Why HOH exists**
>
> A single parent supports more than one person on one income. HOH gives relief between Single and MFJ to reflect that extra burden. The "more than half" tests make sure the benefit goes to the person who actually bears the cost.

"Considered Unmarried" – a married person's path to HOH A married person is treated as unmarried for HOH if all of these are true:

1. They file a separate return.
2. They paid more than half the cost of keeping up the home for the year.
3. The spouse did not live in the home during the last 6 months of the year. Temporary absences (business, medical care, school, military) count as living in the home.
4. The home was the main home of their child, stepchild or foster child for more than half the year.
5. They can claim the child as a dependent. They still pass if they cannot claim the child only because they released the claim to the noncustodial parent.

> **Real-life picture: the Smiths**
>
> Mr. Smith moved out in April and never returned. Mrs. Smith and their son stayed in the home, and she paid more than half of all household costs. No divorce is final, so she is still married. But Mr. Smith was absent for the last 6 months, the son lived with her all year, and she paid over half the costs. She is considered unmarried and can file HOH. Mr. Smith files MFS.

> **Watch out: the 6-month test**
>
> If the spouse moved out on **July 15**, they lived in the home during part of the last 6 months (July 1 – December 31). The test fails, and the remaining spouse must file MFS.

Cost of keeping up a home

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Included	Not included
Rent and mortgage interest	Clothing
Real estate taxes	Education
Home insurance	Medical treatment
Repairs and maintenance	Vacations and transportation
Utilities	Life insurance
Food eaten in the home	Mortgage principal and the value of your own work

Real-life picture: computing "more than half"

Total home costs for the year: $30,000 Paid by Paula: $16,000 (53%), which passes Paid by her mother: $14,000 If her mother had paid $15,000 or more, Paula would fail, because exactly half is not more than half.

Who is a qualifying person for HOH?

Person	Qualifies for HOH if...
Qualifying child (son, daughter, stepchild, foster child, sibling, or a descendant of any of them)	Lived with the taxpayer more than half the year. If unmarried, the child qualifies even if the taxpayer released the dependency claim to the other parent. If married, the taxpayer must be able to claim the child as a dependent.
Parent	The taxpayer can claim the parent as a dependent. The parent does not need to live with the taxpayer if the taxpayer paid more than half the cost of the parent's home (including a nursing home).
Other qualifying relative (grandparent, aunt, uncle, in-law)	The taxpayer can claim them as a dependent and they lived with the taxpayer more than half the year.
Not qualifying	A relative who is a dependent only because of a multiple support agreement, an unrelated member of the household, or the spouse.

Pro tip: temporary absences and one claim only

Time away for school, hospital, vacation or military service counts as time living at home. A child born or who died during the year counts if the home was the child's home while alive. Only one taxpayer can use the same qualifying person to claim HOH.

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Real-life picture: Linda and her father

Linda is single. She pays 70% of the cost of her widowed father's apartment across town, and he is her dependent. Linda files HOH even though her father never lived with her.

Qualifying Surviving Spouse (QSS): Formerly called "qualifying widow(er)". QSS lets a surviving spouse with a dependent child use the MFJ standard deduction and tax rates for the two years after the year of death.

Requirements (all must be met)

- The taxpayer was entitled to file a joint return with the spouse for the year of death (whether or not they did).
- The spouse died in either of the two tax years before the current year.
- The taxpayer did not remarry before the end of the current year.
- The taxpayer has a child or stepchild (not a foster child) they can claim as a dependent (limited exceptions apply).
- The child lived in the home all year (temporary absences are fine).
- The taxpayer paid more than half the cost of keeping up the home.

Tax year	Event	Filing status
2024	Spouse dies	MFJ
2025	First year after death	QSS
2026	Second year after death	QSS
2027 onwards	QSS period over	HOH (if a qualifying person remains) or Single

Real-life picture: Jack and Sally

Jack's wife Mary died in Year 1, and Jack files MFJ for Year 1. In Years 2 and 3 he does not remarry, his daughter Sally lives with him all year as his dependent, and he pays the full cost of the home. He files QSS for Years 2 and 3. In Year 4 he files HOH.

Watch out: common QSS traps

QSS is **not** a joint return. Only the rates and standard deduction match MFJ. No dependent child means no QSS. A **foster** child qualifies for HOH but not for QSS. Remarriage at any time during the year ends QSS.

2026 Numbers by Filing Status: Source: IRS Rev. Proc. 2025-32 (tax year 2026, returns filed in 2027). The One Big Beautiful Bill Act made the lower brackets and higher standard deduction permanent.

Standard deduction

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Filing status		2026	2025
Single / Married Filing Separately		$16,100	$15,750
Married Filing Jointly / Qualifying Surviving Spouse		$32,200	$31,500
Head of Household		$24,150	$23,625
Additional standard deduction (age 65 or older, or blind), per condition			
Taxpayer	2026 amount per condition		
Married (MFJ, MFS, QSS)			$1,650
Unmarried (Single, HOH)			$2,050

Real-life picture: adding the extra amounts

MFJ, both 67, one blind: $32,200 + 3 × $1,650 = $37,150 Single, age 70: $16,100 + $2,050 = $18,150

Pro tip: the senior deduction (2025–2028)

An extra $6,000 deduction per person aged 65 or older, separate from the standard deduction. It phases out at 6% of MAGI above $75,000 ($150,000 MFJ). Married taxpayers must file jointly to claim it.

Do you need to file? 2026 gross income thresholds

Filing status	Age at end of 2026	Must file if gross income is at least
Single	Under 65 / 65 or older	$16,100 / $18,150
Head of Household	Under 65 / 65 or older	$24,150 / $26,200
Married Filing Jointly	Both under 65 / one 65+ / both 65+	$32,200 / $33,850 / $35,500
Married Filing Separately	Any age	$5
Qualifying Surviving Spouse	Under 65 / 65 or older	$32,200 / $33,850

The threshold generally equals the standard deduction plus the additional amount for age (not blindness). Self-employment net earnings of $400 or more also require a return. These thresholds are derived from the 2026 standard deduction; confirm them against the 2026 Form 1040 instructions when released.

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Why only $5 for MFS?

An MFS spouse's standard deduction can be forced to zero when the other spouse itemizes, so almost any income could be taxable. The law therefore requires a return at a very low level.

2026 tax rate schedules (taxable income)

Rate	Single	MFJ / QSS	Head of Household	MFS
10%	$0 – 12,400	$0 – 24,800	$0 – 17,700	$0 – 12,400
12%	12,400 – 50,400	24,800 – 100,800	17,700 – 67,450	12,400 – 50,400
22%	50,400 – 105,700	100,800 – 211,400	67,450 – 105,700	50,400 – 105,700
24%	105,700 – 201,775	211,400 – 403,550	105,700 – 201,750	105,700 – 201,775
32%	201,775 – 256,225	403,550 – 512,450	201,750 – 256,200	201,775 – 256,225
35%	256,225 – 640,600	512,450 – 768,700	256,200 – 640,600	256,225 – 384,350
37%	Over 640,600	Over 768,700	Over 640,600	Over 384,350

Pro tip: three patterns to remember

MFJ = 2 × Single in every bracket up to 35%. The "marriage penalty" appears only at the 37% level. MFS = ½ × MFJ in every bracket. That is why MFS reaches 37% at $384,350. HOH widens the 10% and 12% bands, where single parents most need the help.

Real-life picture: marginal versus average rate

A single taxpayer with $73,900 of taxable income pays $10,970. Marginal rate (rate on the next dollar): 22% Average rate: $10,970 ÷ $73,900 = 14.8% Only the dollars above $50,400 are taxed at 22%.

Alternative Minimum Tax (AMT) for 2026 AMT is a parallel tax system with fewer deductions. The taxpayer pays whichever is higher: the regular tax or the tentative minimum tax. Filing status sets the exemption and its phase-out.

Filing status	Exemption	Phase-out begins (AMTI)	Fully phased out
Single / Head of Household	$90,100	$500,000	$680,200
MFJ / QSS	$140,200	$1,000,000	$1,280,400
Married Filing Separately	$70,100	$500,000	$640,200

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- Rates: 26% on AMTI (after the exemption) up to $244,500 ($122,250 MFS), and 28% above that.
- What changed in 2026: the phase-out thresholds were reset to $500,000 / $1,000,000 (from $626,350 / $1,252,700 in 2025), and the phase-out rate doubled from 25% to 50%.
- Long-term capital gains and qualified dividends keep their 0% / 15% / 20% rates inside AMT.

Real-life picture: AMT exemption phase-out (MFJ)

AMTI: $1,150,000 Excess over threshold: $1,150,000 − $1,000,000 = $150,000 Reduction: 50% × $150,000 = $75,000 Remaining exemption: $140,200 − $75,000 = $65,200

Watch out: common AMT triggers

State and local taxes (not deductible for AMT), exercising incentive stock options (ISOs), private activity bond interest, and large capital gains that push AMTI into the phase-out band.

Community Property States: Nine states use community property law: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin. Alaska, South Dakota, Tennessee and a few others allow couples to opt in.

The logic: in these states, state law says each spouse owns half of what the couple earns during the marriage. Federal tax follows legal ownership, so a spouse who files MFS must report half of the community income plus all of their own separate income.

Community income	Separate income
Wages and self-employment income earned while married and domiciled in the state	Income from property owned before the marriage
Income from community property (interest, dividends, rents)	Property received as a gift or inheritance
Retirement pay earned during the marriage while domiciled there	Property both spouses agreed to treat as separate

In Idaho, Louisiana, Texas and Wisconsin, income from separate property is generally community income.

Real-life picture: Bob and Lisa (Texas)

Bob's wages: $70,000 · Lisa's wages: $30,000 Community wages: $100,000 Each reports on an MFS return: $50,000 of wages and half of the total tax withheld They attach Form 8958 to both returns to show the allocation.

Special rules

- Spouses living apart all year (IRC §66): if the spouses lived apart all year, filed separate returns, did not transfer earned income between them, and at least one had earned income that is community income, each reports their

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own earned income. Income from community property is still split.

- Registered domestic partners in California, Nevada and Washington are not spouses for federal tax, but they must each report half of their combined community income on their Single or HOH returns.
- Form 8958 (Allocation of Tax Amounts Between Certain Individuals in Community Property States) goes with each separate return.

> **Real-life picture: Ann and Chris (Nevada)**
>
> Ann earns no wages and Chris earns $40,000. They live together and file MFS. Because the wages are community income, each reports $20,000 of wages and claims half of the tax withheld. Ann must file even though she earned nothing herself, because half of Chris's wages legally belongs to her.

Special Situations:

Nonresident alien (NRA) spouse

- A U.S. citizen or resident married to a nonresident alien normally files MFS.
- The couple may elect (IRC §6013(g) or (h)) to treat the NRA spouse as a U.S. resident and file MFJ. The worldwide income of both spouses then becomes subject to U.S. tax.
- Without the election, the U.S. spouse may qualify for HOH with a qualifying person other than the spouse, because a spouse who is a nonresident alien lets the U.S. spouse be treated as unmarried for HOH.

> **Real-life picture: Daniel and Elena**
>
> Daniel, a U.S. citizen, lives in Boston. His wife Elena lives in Spain as a nonresident alien with $20,000 of Spanish income. Daniel can file MFS, or HOH if their son lives with him. Alternatively the couple can elect to file MFJ, which gives the larger deduction and brackets but brings Elena's $20,000 into U.S. tax (a foreign tax credit may offset it).

Situation	Rule
Divorce	Must be final by December 31 to be unmarried for the year.
Sham divorce	A divorce done only to file as unmarried, followed by remarriage early in the next year, is ignored. The couple is treated as married.
Annulment	No valid marriage ever existed. File amended returns as Single or HOH for all open years (generally the last 3).
Death of a spouse	The survivor may file MFJ for the year of death unless they remarry that year. The executor signs for the deceased.
Both spouses died in the same year	Their executors may file a joint final return.

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Situation	Rule
Spouse missing in action (combat zone)	The other spouse can still file MFJ. Extended deadlines may apply.
Different tax years	Spouses with different tax years cannot file jointly. They must file MFS.
Changing Filing Status After Filing:	

Separate → Joint: allowed

- Spouses may amend from MFS to MFJ on Form 1040-X within 3 years of the original due date of the return (not counting extensions).
- Not allowed if either spouse was mailed a notice of deficiency and petitioned the Tax Court, filed a refund suit, or settled the year by a closing agreement or compromise.

Joint → Separate: generally not allowed

- Once the due date passes, a joint return cannot be changed to separate returns.
- Exception: the executor of a deceased spouse can change a joint return made by the surviving spouse to a separate return within 1 year after the due date (including extensions).
- Before the due date, spouses may replace a joint return with separate returns (or the reverse) by filing new returns.

> **Why the rules are one-way**
>
> Switching to joint usually **lowers** the tax and both spouses accept liability willingly, so the IRS allows it. Switching from joint to separate would let one spouse **escape joint liability** after the fact, so the law blocks it once the deadline passes.

> **Real-life picture: David and Emily**
>
> David and Emily filed MFS for 2022 (due April 18, 2023). In 2025 they realize MFJ would have saved $3,200. They can amend to MFJ until April 18, 2026, as long as neither received a deficiency notice that they petitioned to the Tax Court, and no other bar applies.

Illustrative Examples:

Example 1: Spouses living apart (HOH) Janet's husband moved out in March. From April to December Janet paid all home costs for herself and their son, who lived with her all year.

- Husband absent for the last 6 months: yes
- Son lived with her more than half the year: yes
- Janet paid more than half of the full year's home costs: yes (check the January–March share too)

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- Separate return: yes

Janet is considered unmarried and files HOH.

Example 2: Community income splitting Bob and Lisa live in Texas and each earns $50,000. Filing MFS, each reports $50,000 (half of $100,000). With equal incomes the split changes nothing. With unequal incomes it moves income from one spouse to the other.

Example 3: Changing to a joint return David and Emily filed MFS for 2022 and decided in 2024 to file jointly. They are within 3 years of the original due date, so they may amend to MFJ unless a bar applies. Example 4: Dependent parent, no child Kevin is single and pays 60% of the cost of the home where his dependent mother lives alone. Kevin files HOH. His mother is a qualifying person even though she does not live with him.

Practice Tips and Compliance Reminders:

- Compute the tax under every status the client qualifies for, and choose the lowest.
- For MFS in a community property state, attach Form 8958 to both returns.
- If a spouse cannot sign (illness, combat zone), follow the IRS signature rules and attach an explanation.
- When filing for a deceased person, write "DECEASED" with the name and date of death.
- Keep proof for HOH: rent or mortgage records, utility bills, and evidence of the child's residence (school or medical records).
- Keep records for at least 3 years from filing (longer for property basis).

Quick reference table

Status	Typical use	Key benefit	Key limitation
Single	Unmarried or legally separated on 12/31	Own liability only	Narrowest brackets
MFJ	Married on 12/31, or spouse died this year	Best rates, highest deduction, most credits	Joint and several liability
MFS	Married, filing separately	Separate liability	Many credits lost; both must itemize if one does
HOH	Unmarried / considered unmarried, supports a qualifying person	$24,150 deduction, wider low brackets	Strict "more than half" tests
QSS	Spouse died in prior 2 years, dependent child	MFJ rates and deduction for 2 more years	2-year limit; no remarriage; child (not foster) required

Dependents – Introduction: A dependent is a person, other than the taxpayer or the spouse, whom the taxpayer can claim on the return because the person meets the dependency tests.

- Before 2018, each dependent gave a dependency exemption (a deduction). The Tax Cuts and Jobs Act reduced the exemption to $0 for 2018–2025, and the One Big Beautiful Bill Act made the $0 exemption permanent.

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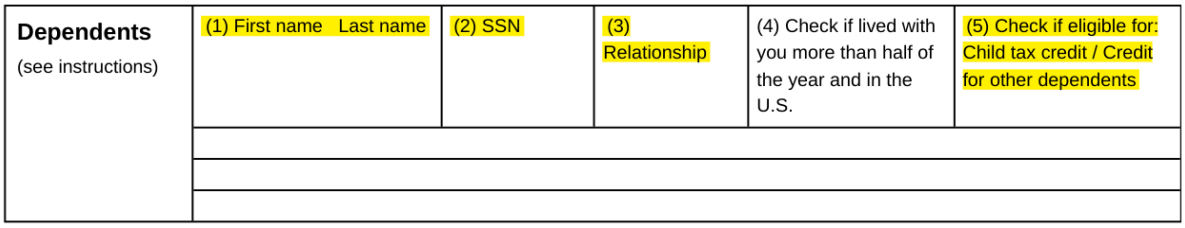
- The definition of a dependent still matters, because it controls valuable benefits such as the Child Tax Credit, the Credit for Other Dependents, Head of Household status and the Earned Income Credit.
- There are only two types of dependent: a qualifying child or a qualifying relative.



Dependents (see instructions)	(1) First name Last name	(2) SSN	(3) Relationship	(4) Check if lived with you more than half of the year and in the U.S.	(5) Check if eligible for: Child tax credit / Credit for other dependents

Illustration of the Dependents section of Form 1040 (layout simplified for study).

- Each dependent is listed with first and last name, SSN (or ITIN / ATIN) and relationship to the taxpayer.
- The form asks whether the dependent lived with the taxpayer for more than half the year.
- Checkboxes show which credit applies: Child tax credit or Credit for other dependents.

Why Dependents Matter (2026):

Benefit	What a dependent can bring
Child Tax Credit (CTC)	Up to $2,200 per qualifying child under age 17 with a valid SSN, of which up to $1,700 is refundable. Phases out above $200,000 of AGI ($400,000 MFJ).
Credit for Other Dependents (ODC)	$500 per dependent who does not qualify for the CTC (for example, a 17-year-old child or a dependent parent). Nonrefundable.
Head of Household	A qualifying person can make an unmarried taxpayer eligible for HOH ($24,150 standard deduction and wider brackets).
Earned Income Credit (EIC)	Qualifying children greatly increase this refundable credit for low and moderate earners.
Child and dependent care credit	Care costs for a dependent under 13 (or a disabled dependent) can earn a credit.

Watch out: SSN rules for the Child Tax Credit

For the CTC the child must have an SSN valid for employment, issued by the return's due date. The taxpayer (or at least one spouse on a joint return) also needs an SSN. A child with only an ITIN cannot bring the CTC but may still bring the $500 Credit for Other Dependents.

Three Tests for ALL Dependents (C.J.D.): Every dependent, whether a qualifying child or a qualifying relative, must first pass three tests. Remember the acronym C.J.D.:

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Test	Rule
C – Citizenship / Residency	The dependent must be a U.S. citizen, U.S. national, or a resident of the U.S., Canada or Mexico for some part of the year. (An adopted child who lived all year with a U.S. citizen or national taxpayer also passes.)
J – Joint return	The dependent cannot file a joint return for the year, unless it is filed only to claim a refund and no tax would be owed on separate returns.
D – Dependent taxpayer	A taxpayer who can be claimed as a dependent by someone else cannot claim any dependents. On a joint return, this applies if either spouse can be claimed.

Why these three tests exist

The U.S. gives dependent benefits only for people connected to North America (C). A married person filing jointly belongs to their own tax household (J). And a person who is someone else's dependent is not independent enough to support dependents of their own (D).

Qualifying Child (R.A.R.S. + J): After passing C.J.D., a person is a qualifying child if all of the following tests are met. Remember R.A.R.S. plus the joint return rule:

1. Relationship test (Who) - Son, daughter, stepchild, eligible foster child, adopted child, brother, sister, half-brother, half-sister, stepbrother, stepsister, or a descendant of any of them (for example, a grandchild, niece or nephew).
2. Age test (How young) - Under age 19 at the end of the year, or - Under age 24 at the end of the year and a full-time student for at least part of 5 calendar months, or - Any age if permanently and totally disabled. - The child must also be younger than the taxpayer (or spouse, if filing jointly), unless disabled.
3. Residency test (Where) - The child lived with the taxpayer for more than half the year.

- Exceptions: temporary absences (school, vacation, illness, military service, detention) count as time at home; a child born or who died during the year counts if the home was the child's home while alive; special rules apply to kidnapped children and to children of divorced or separated parents. 4. Support test (Who paid)
- The child did not provide more than half of their own support. (The taxpayer does not have to provide the support.)
- Scholarships received by a full-time student are not counted as support the child provided. 5. Joint return test
- The child does not file a joint return, unless only to claim a refund.

Real-life picture: a niece

Facts: Niece, age 8, lives with the taxpayer all year. The taxpayer pays all her support. C.J.D.: passes. Relationship: descendant of a sibling. Age: under 19. Residency: all year. Support: she paid none of her own support. Result: qualifying child. She can bring the $2,200 CTC if she has a valid SSN, and she can make an unmarried taxpayer eligible for HOH.

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Tie-Breaker Rules: Only one taxpayer can claim a qualifying child. If the child meets the tests for more than one person, these tie-breaker rules apply:

1. If only one of them is a parent, the parent claims the child.
2. If both are parents who do not file jointly, the parent the child lived with longer claims the child.
3. If the child lived with each parent for the same time, the parent with the higher AGI claims the child.
4. If no parent can claim the child, the person with the highest AGI claims the child.
5. If a parent can claim the child but does not, another person can claim the child only if their AGI is higher than the AGI of any parent who could claim the child.

> **Pro tip: benefits cannot be split**
>
> The CTC, HOH status, the EIC and the dependent care credit for the same child cannot be divided between two unrelated taxpayers. One person takes the child for all of these (except under the divorced-parent rule below).

Divorced or Separated Parents (Form 8332):

- The custodial parent (the parent the child lived with for the greater number of nights) generally claims the child.
- The custodial parent can release the claim to the noncustodial parent by signing Form 8332. The noncustodial parent attaches it to their return.
- The release transfers the Child Tax Credit / Credit for Other Dependents only. HOH status, the EIC and the dependent care credit stay with the custodial parent.
- A divorce decree alone (for post-2008 decrees) is not enough; Form 8332 or a substantially similar statement is required.

> **Real-life picture: custodial parent release**
>
> Anna and Mike are divorced. Their son lives with Anna for 250 nights. Anna signs Form 8332 for the year. Mike claims the son for the Child Tax Credit. Anna still files HOH and can claim the EIC using her son.

Qualifying Relative (R.G.S.): A person who is not a qualifying child may still be a dependent as a qualifying relative. After C.J.D., all four tests must be met (remember R.G.S. plus "not a qualifying child"):

Test	Rule
Not a qualifying child	The person is not the qualifying child of the taxpayer or of any other taxpayer.
R – Relationship or residence	Either related to the taxpayer (see the list below), or lived with the taxpayer all year as a member of the household.
G – Gross income	Gross income for 2026 is less than $5,300.
S – Support	The taxpayer provided more than half of the person's total support for the year.

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Relatives who do NOT have to live with the taxpayer

- Child, stepchild, foster child, or a descendant of any of them
- Brother, sister, half-sibling, stepbrother, stepsister
- Father, mother, grandparent or other direct ancestor (not foster parents); stepfather, stepmother
- Son or daughter of a brother or sister (nephew, niece); brother or sister of a parent (uncle, aunt)
- Son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law

Any other person (for example, a cousin, a friend or a domestic partner) must live with the taxpayer all year as a member of the household, and the relationship must not violate local law. A spouse is never a dependent.

> **Why the gross income test exists**
>
> A person with significant income of their own can support themselves. Gross income here means taxable income only: tax-exempt income, such as most Social Security benefits of a low-income parent, is not counted.

> **Real-life picture: three quick tests**
>
> Elderly parent (income $3,000 a year, lives with the taxpayer, who pays most support): too old to be a qualifying child, passes C.J.D. and R.G.S., so a qualifying relative. Unrelated roommate who lives with the taxpayer all year and earns $9,000: fails the gross income test, so not a dependent. Grandmother living in her own home with $2,000 of taxable income, 60% of her support paid by the taxpayer: a parent's parent need not live with the taxpayer, so a qualifying relative.

Support Test Details:

- Support includes food, lodging (fair rental value), clothing, education, medical and dental care, recreation, transportation and similar necessities.
- Only amounts actually spent count. Money the person saves does not count as support.
- Not counted: income taxes and Social Security taxes paid by the person from their own income, life insurance premiums, funeral expenses, and scholarships of a full-time student (for the qualifying child test).
- The person's own funds spent on their support count as support provided by that person.
- Large items such as a car count as support if bought for the person and titled in their name.

> **Real-life picture: who paid more than half?**
>
> Mother's total support: $15,000 Paid from her own Social Security: $6,000 · Paid by her son: $9,000 Son's share: $9,000 ÷ $15,000 = 60%, which is more than half, so the son passes the support test.

Multiple Support Agreement (Form 2120):

- Sometimes no one provides more than half of a person's support, but a group together does.

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- One member of the group can claim the person if that member provided more than 10% of the support and every other member who provided more than 10% signs a statement agreeing not to claim the person.
- The claiming taxpayer attaches Form 2120, Multiple Support Declaration.

> **Real-life picture: three siblings support their father**
>
> Sister A: 40% · Brother B: 35% · Sister C: 15% · Father himself: 10% No one paid more than half, but the siblings together paid 90%. A, B or C can claim the father (each paid over 10%) if the other two sign. The father is not a qualifying person for that sibling's HOH status, because he is a dependent only under the multiple support agreement.

Special Cases:

- Domestic partners: a domestic partner can be a qualifying relative if they live with the taxpayer all year and meet the gross income and support tests.
- Birth or death during the year: a child born alive (even briefly) or who died during the year can be claimed. For a baby who died before getting an SSN, attach a birth or death certificate and write "DIED" in the SSN column.
- Foreign exchange students: generally not dependents, because they are not U.S. residents for this purpose.
- Kidnapped child: can still meet the residency test if presumed kidnapped by someone other than a family member.
- Adopted child: a child lawfully placed for adoption is treated as the taxpayer's own child. An ATIN can be used while the adoption is pending.

The Dependent's Own Return:

- A person who can be claimed as a dependent may still have to file their own return.
- For 2026, a dependent's standard deduction is limited to the greater of $1,350 or earned income + $450, but not more than the regular standard deduction ($16,100 for a single dependent).
- A dependent cannot claim dependents of their own (the "D" test).

> **Real-life picture: a student with a summer job**
>
> Earned income: $4,000 · Standard deduction: greater of $1,350 or $4,000 + $450 = $4,450 Taxable income is $0, but the student may still file to get back income tax withheld.

Reporting Dependents and Related Forms:

Form	Use
Form 1040	Lists each dependent: name, SSN/ITIN/ATIN, relationship and credit checkboxes
Form 8332	Custodial parent releases the claim to the noncustodial parent

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Form	Use
Form 2120	Multiple support declaration
Form SS-5	Application for a Social Security number
Form W-7	Application for an ITIN
Form W-7A	Application for an ATIN (pending U.S. adoption)
Dependents – Acronyms Recap:	

Who?	Acronym	Stands for
All dependents	C.J.D.	Citizenship, Joint return, Dependent taxpayer
Qualifying child	R.A.R.S. (+ J)	Relationship, Age, Residency, Support (+ no joint return)
Qualifying relative	R.G.S. (+ not a QC)	Relationship or residence, Gross income, Support
Putting It All Together:		

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Real-life picture: Maria Lopez (2026)

Facts: Maria is divorced and lives in Houston with her son Leo, age 10, all year. She pays all the rent and household bills. Leo has an SSN and no income. Name and address: Maria's name and SSN exactly as on her Social Security card; her Houston home address. Filing status: Head of Household (unmarried, paid more than half the home costs, qualifying child lived with her). Dependent: Leo, son, qualifying child (passes C.J.D. and R.A.R.S.); tick the Child tax credit box. Result: 2026 standard deduction $24,150 and a Child Tax Credit of up to $2,200.

Class exercise

What would change if Maria remarried on December 31, 2026? *Answer: she would be married on December 31, so she must file MFJ or MFS. HOH would no longer be available.*

Key takeaways

1. Form 1040 is the annual individual return. The 2026 return is due April 15, 2027.

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2. Name and SSN must match Social Security records exactly. Keep the address current.
3. Marital status is fixed on December 31. Only a final decree makes a person unmarried.
4. Five statuses: Single, MFJ, MFS, HOH and QSS. Choose the one with the lowest tax.
5. 2026 standard deduction: $16,100 Single/MFS, $24,150 HOH, $32,200 MFJ/QSS.
6. HOH needs a qualifying person and payment of more than half the cost of the home.
7. QSS gives MFJ rates for 2 years after a spouse's death if there is a dependent child.
8. Every dependent must pass C.J.D.: Citizenship, Joint return, Dependent taxpayer.
9. Qualifying child: R.A.R.S. Qualifying relative: R.G.S. (gross income under $5,300 for 2026).
10. Dependents bring the $2,200 Child Tax Credit, the $500 Credit for Other Dependents, HOH status and a larger EIC.

Check yourself

1. A taxpayer married in June 2026 changed her last name but has not told the SSA. What could happen to her e-filed return?
2. John and Mary's divorce became final on December 28, 2026. Which status can each use for 2026?
3. A single taxpayer, age 66, has gross income of $17,500 in 2026. Must she file?
4. A 20-year-old full-time student lives with her parents and earns $6,000. Can her parents claim her?
5. A taxpayer pays 60% of the support of his widowed mother, who lives in her own home and has $2,000 of taxable income. Is she his dependent, and which credit can she bring? *Answers: 1. It may be rejected because the name does not match SSA records. 2. Single, or HOH if eligible.*
6. No, because her threshold is $16,100 + $2,050 = $18,150. 4. Yes, as a qualifying child (under 24 and a full-time student; the gross income test does not apply to a qualifying child). 5. Yes, as a qualifying relative; she brings the $500 Credit for Other Dependents and can make him eligible for HOH.*

Next steps for the student

- Download a blank Form 1040 from www.irs.gov and locate the name, address, filing status and dependents sections on page 1.
- Complete the Introduction to Form 1040 MCQs. Aim for 80% or more, then retake them to beat the best score.
- Work through the five case studies to apply what has been learned.
- Revise this chapter for 10 minutes on each of the next three days.

Great work. The Introduction to Form 1040 is complete!

The student now knows how to identify the taxpayer, choose the right filing status and test every dependent. Every individual return prepared from here builds on this chapter. Stay consistent, keep

practising, and success will follow.

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