

Nonrefundable Credits

Credits		
Foreign Tax Credit (Form 1116)	<input type="button" value="BEGIN"/>	Select for Foreign Tax Credit
Child Care Credit (Form 2441)	<input type="button" value="BEGIN"/>	Select for Form 2441 , page 1. See Child Tax Credit Tip & Interview Tips, later
Education Credits (Form 1098-T)	<input type="button" value="BEGIN"/>	Select for Form 8863 . See Education Benefits tab.
Retirement Savings Credit (Form 8880)	<input type="button" value="BEGIN"/>	Select for Form 8880 . Remember to complete Form 8880 if taxpayer received any distributions from retirement plans
Residential Energy Credit (Form 5695)	<input type="button" value="BEGIN"/>	Select for Form 5695
Adoption Credit (Form 8839)	<input type="button" value="BEGIN"/>	
DC First-Time Homebuyer Credit (Form 8859)	<input type="button" value="BEGIN"/>	
Mortgage Interest Credit (Form 8396)	<input type="button" value="BEGIN"/>	
Earned Income Credit (Form 8862)	<input type="button" value="BEGIN"/>	See Earned Income Credit tab.
Credit for the Elderly or Disabled (Schedule R)	<input type="button" value="BEGIN"/>	Select for Schedule R
Alternative Motor Vehicle Credit (Hybrid Cars, Form 8910)	<input type="button" value="BEGIN"/>	
Qualified Electric Motor Vehicle Credit (Form 8936)	<input type="button" value="BEGIN"/>	
Small Employer Health Insurance Premiums (Form 8941)	<input type="button" value="BEGIN"/>	
Credit for Federal Tax Paid on Fuels (Form 4136)	<input type="button" value="BEGIN"/>	
Credit for Increasing Research Activities from Pass-through Entities (Form 6765)	<input type="button" value="BEGIN"/>	
<input type="button" value="Continue"/>		

Hint: Remember, the nonrefundable credits can't exceed the taxpayer's federal income tax.

Form 8863

Open Form 8863 Education Credits. Select the student's name, SSN, and the type of credit. Enter the qualified expenses in the appropriate **credit**. For complete education credit information refer to Tab J- Education Benefits.

Schedule R

If taxpayer qualifies for the credit for the elderly or the disabled, open Schedule R. Refer to the Elderly or Disabled Decision Tree on the last page of this tab.

Form 8812

If child has an ITIN but was a resident of the U.S., be sure to mark the "substantial presence" box in the Dependents Section or the child tax credit will be denied.

Form 1116 – Foreign Tax Credit

Credits

Foreign Tax Credit Form 1116

Begin

Child Care Credit Form 2441

Begin

Education Credits Form 1098-T

Begin

Select Foreign Tax Credit

Form 1116 - Foreign Tax Credit

In order to receive a credit for any foreign taxes paid you must answer Yes to all of the following questions:

- Is all of your gross foreign source income from interest and dividends?
- Was all of that interest and dividend income reported to you on Form 1099-INT, Form 1099-DIV, or Schedule K-1?
- If you had dividend income from shares of stock, did you hold those shares for at least 16 days?
- Is the total of your foreign taxes less than or equal to **\$300**
- Were all of your taxes:
 - A. Legally owed and not eligible for a refund; AND
 - B. Paid to countries that are recognized by the United States; AND
 - C. Paid to countries that do not support terrorism?

Foreign tax credit not over **\$300**

Note: Only enter an amount if you answered Yes to all the questions above.

If you paid more than \$300 dollars in foreign taxes, you must fill out Form 1116 Foreign Tax Credit.

✓ Go to Form 1116

✕ Cancel

✓ Continue

ONLY the Simplified Limitation Election for the foreign tax credit is in scope for Advanced certification. To be eligible for this election, qualified foreign taxes must be \$300 (\$600 if MFJ) or less, all foreign source income is passive category (such as interest and dividends) and taxpayer meets the other requirements as explained in the Form 1116 Instructions. Enter the amount of foreign taxes paid as indicated on the Form 1099-INT, 1099-DIV or **K-1** here. No other entry is required.

FOR INTERNATIONAL CERTIFICATION ONLY:

If the taxpayer doesn't meet the requirements for the Simplified Limitation Election, complete Form 1116 as follows:

G-2-1

4491-X 12/2016

Form 1116 – Foreign Tax Credit (continued)

Foreign tax credit

Passive income	<input type="button" value="Begin"/>
General limited income	<input type="button" value="Begin"/>
Section 901(j) income	<input type="button" value="Begin"/>
Income resourced by treaty	<input type="button" value="Begin"/>
Lump-sum distributions	<input type="button" value="Begin"/>
<input type="button" value="Continue"/>	

In scope for VITA/TCE with International Certification. Select the appropriate category. If taxpayer has income in more than one category or from more than one country, another can be added later.

Out of scope.

Form 1116 - Foreign Tax Credit

Country of residence *

Carryback or Carryover

Reduction in Foreign Taxes

Adjustments

Reduction of credit for international boycott operations

Credit is claimed for taxes paid or accrued

☐ Paid ☐ Accrued

Select country of residence.

Indicate whether the foreign tax was actually paid during the tax year ("paid") or if the tax was billed in one year but paid in another ("accrued"). A taxpayer using the cash basis can choose to use either the cash or accrual method to determine the foreign tax credit. However, if the accrual method is chosen, the taxpayer must continue to use the accrual method for the foreign tax credit on all future returns.

Form 1116 – Foreign Tax Credit (continued)

Form 1116 - Foreign Tax Credit

Foreign Country or U.S. possession *

Gross income from sources within the country of the specified type (Do not include income excluded by Form 2555, Foreign Earned Income)

Expenses Directly Allocable to Income

Other Deductions

Gross income from sources within the country of the specified type (Including any income excluded by Form 2555, Foreign Earned Income)

Home mortgage interest

Other interest expense

Losses from foreign sources

Date paid or accrued *

- Please Select -

\$

\$

\$

\$

\$

\$

\$

MM DD YYYY

Select the country that imposed the tax.

Enter the gross INCOME of this category type in both places (not the tax).

If your gross foreign source income (including income excluded on Form 2555 or Form 2555-EZ) does not exceed \$5,000, you can allocate all of your interest expense to U.S. source income. Otherwise, deductible home mortgage interest (including points and qualified mortgage insurance premiums) is apportioned using a gross income method.

Enter the date the tax was paid or accrued.

Foreign taxes paid or accrued in foreign currency

Tax Withheld on Dividends (in Foreign Currency)

Tax Withheld on Rents/Royalties (in Foreign Currency)

Tax Withheld on Interest (in Foreign Currency)

Other Foreign Taxes (in Foreign Currency)

Foreign taxes paid or accrued in U.S. dollars

Dividends

Rents and royalties

Interest

Other taxes

Enter the taxes paid (in U.S. dollars) in the appropriate category.

Cancel Continue