



## The United States Military Academy Legal Assistance Office Resources and Tax Tips 2023



It's Tax Time! The deadline for filing your federal income tax return this year is April 15th. The Army has greatly reduced its in-person tax centers, but offers a number of free resources to help you prepare both state and federal tax returns. Additionally, here are a few tips for Cadets and the larger West Point community as you file your taxes.

### Free Income Tax Preparation Services:

**MilTax (Military OneSource/H&R Block):** Self-service tax preparation, no income limits, unlimited state returns, with tax consultants available 24/7 to answer questions. Available to Servicemembers, their qualifying family members, and retirees within 1-year of retirement. <https://www.militaryonesource.mil/financial-legal/taxes/miltax-military-tax-services/>

**IRS Free File:** Guided tax preparation for Taxpayers with an adjusted gross income (AGI) of \$79,000 or less. Some state returns are filed for free; others may charge a fee. All federal income tax filing within the AGI of \$79,000 is 100% free. <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>

**IRS VITA Center Locator:** Looking for a local IRS Volunteer Income Tax Assistance Site for in-person preparation? The IRS has several locations in your community libraries, schools, neighborhood centers and other locations throughout the country. <https://irs.treasury.gov/freetaxprep/>

### Tax Tips for Cadets:

- **Fourth-Class Cadets – Make sure that your parents are not claiming you on their tax return as a dependent.** Although you are a full-time student, your parents must be able to show that they provided more than half of your support for the tax year. The Army provides you with more than \$40,000 in support during your plebe year and it is unlikely your parents have exceeded that amount this tax year. If your parents claim you as a dependent and your tax return does not reflect this, your tax return will be rejected by the Internal Revenue Service (IRS) when you try to electronically file your tax returns. *Note: If your parents did provide over \$40,000 of support to you they may claim you as their dependent.*
- **You must report your interest income on your CIS account.** You can find your interest income on your 1099-INT located in the portal for your CIS account.
- **Check for accounts, such as custodial accounts established under the Uniform Gift to Minors Act, that may be generating additional income you must report.** If family members established savings or investment accounts for you these

accounts generate taxable income that you must report on your tax return. These types of accounts will generate a tax statement that you may be able to access online, or request by mail. If you are unsure whether you have this type of account check with your parents.

- **Report *income* earned from qualified education programs under Sections 529 and 530 (and Coverdell Education Savings Accounts).** If a college fund was established for you, and there were any distributions from the plan this tax year, you will receive a Form 1099Q. You will need to determine the earnings of the plan (different from the principal invested in the plan) and report this income on your tax return. There is a 10% penalty for any distributions not used for educational purposes, however, cadets attending a U.S. military academy are exempt from this penalty.
- **Do not claim educational credits if the only education institution you have attended this tax-year is USMA.** USMA is 100% funded and operated by the Department of Defense, not the Department of Education. Therefore, Cadets are not eligible for this tax credit.

### **Tips for All Members of the West Point Community:**

- **The earned income credit has been expanded this year.** You qualify if:
  - your adjusted gross income (AGI) is less than \$56,838 (\$63,398 for married filing jointly) and you have 3 qualifying children;
  - your AGI is less than \$52,918 (\$59,478 for married filing jointly) and you have two qualifying children;
  - your AGI is less than \$46,560 (\$53,120 for married filing jointly) and you have one qualifying child; or
  - your AGI is less than \$17,640 (\$24,210 for married filing jointly) with no qualifying child requirement.

See <https://apps.irs.gov/app/eitc> to use an IRS application to determine if you meet additional requirements and to maximize your credit.

- **The Child Tax Credit was decreased for 2023.** The maximum tax credit per qualifying child is \$2,000. For the refundable portion of the credit (or the additional child tax credit) you may receive up to \$1,600 per qualifying child. Be aware that there is pending legislation in Congress that could change the refundable portion calculation for FY23. Additionally, you may also qualify for the Child and Dependent Care Credit, for which you can claim up to \$3,000 for the cost of care for one qualifying person and \$6,000 for care for two or more qualifying persons.

- The American Opportunity and Lifetime Learning credits are still available; however, the tuition fees deduction is no longer available.
- The Earned Income Credit, Child Tax Credit, and Child and Dependent Care Credits are all refundable credits. If the total of these credits exceed your tax, the amount will be refunded to you.