

Dear Host Teachers,

It's that time of the year for taxes! It has come to Cal Teach's attention that some of our host teachers were gouged at H&R Block last year when preparing taxes with a Cal Teach honorarium. We have asked an income tax accountant, Phil Hebner, for some advice on this matter.

The honorarium is considered income by the IRS. However, UCSC will not report it to the government and you will not receive a 1099 form unless your total income from UCSC for the year is over \$600.

Phil's advice for simple reporting is to show the honorarium on Line 21 of the IRS Form 1040 as "Other Income" and put "Cal Teach Program" on the dotted line. Next, calculate Self-Employment taxes (Schedule SE) on the total honorarium you received during the year. An alternative is to fill out both Schedule C and Schedule SE which he thinks may be what H&R Block did. According to Phil, both methods are acceptable to the IRS and the FTB.

Tax preparation companies generally charge for every form and every line on each form. This can inflate the tax preparation cost/billing. If your tax preparer tries to charge you for an extra form, ask to speak with the manager to negotiate the fee. Paying more in additional tax preparation fees than you earned with extra income is not reasonable.

Phil said he doesn't increase his invoice if a tax client has something like this. He has offered to clarify any of these points for free if you mention my name.

Phil Hebner, EA

PO Box 2018

Aptos CA 95001

Cell : 831-251-0861

Email: philhebner@yahoo.com

Good Luck,

Tammy