

The Masaryk Twins – 2020 Tax Year
Case Study II (CWM) and Case Study III (JWM)

Common Elements: The Masaryk twins are both physician trainees, in the U.S. on J1 visas. They share the same date of birth, U.S. address, phone number, sponsor, employer, and financials. Both qualify for a treaty income exclusion.

Individual Elements: The twins have different first names. They entered the U.S. a year apart. One has not yet met the Substantial Presence Test (SPT) and will file on Form 1040-NR. One has met the SPT and will file on Form 1040. For 2020, he qualifies for the Recovery Rebate Credit. The RRC calculation is not shown.

Common Information

Neither twin is blind nor disabled

Taxpayer DOB	November 12, 1991
Address	603 Berwyn Road, Berwyn Heights, MD, 20784
Living Arrangement	Shares rented apartment
Taxpayer Occupation	Physician trainee

Each twin is a physician trainee at Berwyn Hospital in Prince George’s County, MD. Each resided in the Czech Republic immediately before entering the U.S. Each contract began May 1 of the twin’s first year in the U.S. It is renewable in two-year increments.

Income

Each twin received a compensation form and an interest form. No other income.

Wages were paid by Berwyn Hospital.

On 1042-S, Box 1 code is 19. Box 2 shows \$ 42,400. Box 3 is checked. 3b is 14%. Box 7 is \$ 5,418. Each had \$32 interest on his account in the BH FCU.

Case Study II – Individual Information

Taxpayer Name	Carlos Wenceslaus Masaryk
Taxpayer SSN	XXX-XX-X201
Cell phone, work phone	XXX-555-5201, XXX-555-5202
Email	Masaryk.c.w.@net.net
Passport	Czech Republic X2345678
Visa	J1 issued April 15, 2019
First date in U.S.	Entered U.S. April 24, 2019; no prior visits

Case Study III Individual Information

Taxpayer Name	Josef Wenceslaus Masaryk
Taxpayer SSN	xxx-xx-x301
Cell phone	xxx-555-5301
Work phone	xxx-555-5303
Email	Masaryk.j.w.@net.net
Passport	Czech Republic X3456789
Visa	J1 issued April 15, 2018
First date in U.S.	Entered U.S. April 24, 2018; no prior visits

Common Information

Tax Treaty Benefits

Table 2 of Tax Treaty Tables shows the following for Czech Republic:

Country (1)	Code ¹ (2)	Purpose ²² (3)	Maximum Presence in U.S (4)	Required Employer or Payer (5)	Maximum Amount of Compensation (6)	Treaty Article Citation (7)
Czech Republic	16	Scholarship or fellowship grant ^{4, 15}	5 years	Any U.S. or foreign resident ⁵	No limit	21(1)
	17	Independent personal services ⁷	183 days	Any contractor	No limit	14
	18	Dependent personal services ^{8, 17, 57}	183 days	Any foreign resident	No limit	15
	42	Public entertainment	No limit	Any U.S. or foreign resident	\$20,000 p.a. ³⁰	18
	19	Teaching ^{4, 35}	2 years	Any U.S. educational or research institution	No limit	21(5)
	20	Studying and training: ⁴				
		Remittances and allowances	5 years	Any foreign resident	No limit	21(1)
		Compensation during training	5 years	Any U.S. or foreign resident	\$5,000 p.a.	21(1)
		Compensation while gaining experience ²	12 consec. mos.	Czech resident	\$8,000	21(2)
		Compensation under U.S. Government program	1 year	U.S. Government	\$10,000	21(3)

Other 1042-S and Form 8843 info: Enter generic information, as, 'name', 'address'.

Expenses

Stethoscope	\$280
Medical reference materials	\$475
Professional dues	\$330
Quarterly ES payments to MD	\$3,000 total, four timely payments of \$ 750 (Same amount paid each quarter in prior year.)
Tax preparation for prior year	\$150

Each twin would like the most advantageous tax return possible. He would like to claim treaty benefits available in the U.S.-Czech Republic income tax treaty.

Consider:

- What forms must each Masaryk twin submit?
- Should any Return Notes be submitted with the return? Required or helpful?
- Would it be helpful to prepare or update a Preparer Client History Note?
- Which expenses listed may be claimed?

Case Study II: Carlos W. Masaryk

This tax return is for his second calendar year in the U.S. on a J1 visa.

Prepare a Federal tax return. Prepare any required or useful statements or notes.

Tax Prep Tips:

Compensation: Only *taxable compensation* is entered on Form 1040-NR Line 1a or 1b. Treaty-excluded income is noted on Line 1c.

Treaty income exclusion, if any, is entered with its history and justification on Line 22, Schedule OI (Form 1040-NR).

If an information document reports the full income amount, the treaty exclusion listed on Line 22 plus the taxable income on Line 1a or 1b will equal the information document amount. Not all taxpayers or employers utilize Form 8283 to have correct withholding. Different employers have different systems (maybe no system at all!) for how to report the pay of J1 visa holders.

Treaties differ: Treaty income exclusions vary from treaty to treaty. There are variations in the article provisions, such as type or source of income, amount of income, period that income may be excluded. And of course the start and end dates of the exclusion vary according to the individual's arrival date in the U.S.

On Form 1040-NR, generally the information included in Schedule OI, Item L, is sufficient to explain the circumstances and amount of the exclusion. The first and last year that a treaty exclusion applies, it likely does not last 12 months. Exclusion periods less than 12 months warrant an exclusion calculation note, such as is shown in the statement for Form 1040 for Case Study III.

State and local tax payments: Enter as a deduction on Schedule A (Form 1040-NR) and as a payment on the state tax form.

Non-taxable bank deposit interest: IRC 871(i)(1, 2, 3) declares interest on deposit accounts not connected to a U.S. trade or business and held in certain federally chartered institutions to be non-taxable. Various IRS presentations (IRS tax forums, webinars) simply omit this interest. However the instructions for Form 1040-NR state in Table A, Who Must File Form 1040-NR, that a nonresident alien engaged in a trade or business in the U.S. (that's just about everybody, per code) must file Form 1040-NR EVEN IF their income is exempt from U.S. tax under a tax treaty or any section of the Internal Revenue Code. I prefer to enter this non-taxable interest on Schedule NEC, Line 2c, in a column that I label for 0%.

Required Form: Form 8843 is required to show the number of days eXempt from being considered **present** days for the Substantial Presence Test (SPT). Carlos must submit this form attached to his income tax return. It is not illustrated here. Case Study 1 does illustrate a Form 8843.

Form **1040-NR** Department of the Treasury—Internal Revenue Service (99) **2020** U.S. Nonresident Alien Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status
 Single Married filing separately (MFS) (formerly Married) Qualifying widow(er) (QW)
 Check only one box. If you checked the QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial: **Carlos W.** Last name: **Masaryk** Your identifying number (see instructions): **x x x x x x x x**

Home address (number and street or rural route). If you have a P.O. box, see instructions. Apt. no. Check if: Individual Estate or Trust
603 Berwyn Road

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code
Berwyn Heights MD 20784

Foreign country name Foreign province/state/county Foreign postal code

At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? Yes No

Dependents (see instructions):	(1) First name	Last name	(2) Dependent's identifying number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instr.):	
					Child tax credit	Credit for other dependents
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>

If more than four dependents, see instructions and check here

Income Effectively Connected With U.S. Trade or Business	1a	Wages, salaries, tips, etc. Attach Form(s) W-2		1a		
	b	Scholarship and fellowship grants. Attach Form(s) 1042-S or required statement. See instructions		1b	37,400	
	c	Total income exempt by a treaty from Schedule OI (Form 1040-NR), Item L, line 1(e)	1c	5,000		
	2a	Tax-exempt interest	2a		2b	
	3a	Qualified dividends	3a		3b	
	4a	IRA distributions	4a		4b	
	5a	Pensions and annuities	5a		5b	
	6	Reserved for future use			6	
	7	Capital gain or (loss). Attach Schedule D (Form 1040) if required. If not required, check here <input type="checkbox"/>			7	
	8	Other income from Schedule 1 (Form 1040), line 9			8	
	9	Add lines 1a, 1b, 2b, 3b, 4b, 5b, 7, and 8. This is your total effectively connected income			9	37,400
	10	Adjustments to income:				
	a	From Schedule 1 (Form 1040), line 22	10a			
	b	Charitable contributions for certain residents of India. See instructions	10b			
	c	Scholarship and fellowship grants excluded	10c			
d	Add lines 10a through 10c. These are your total adjustments to income			10d		
11	Subtract line 10d from line 9. This is your adjusted gross income			11	37,400	
12	Itemized deductions (from Schedule A (Form 1040-NR)) or, for certain residents of India, standard deduction. See instructions			12	3,000	
13a	Qualified business income deduction. Attach Form 8995 or Form 8995-A	13a				
b	Exemptions for estates and trusts only. See instructions	13b				
c	Add lines 13a and 13b			13c		
14	Add lines 12 and 13c			14	3,000	
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-			15	34,400	

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11364D Form **1040-NR** (2020)

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	3,934
17	Amount from Schedule 2 (Form 1040), line 3	17	
18	Add lines 16 and 17	18	3,934
19	Child tax credit or credit for other dependents	19	
20	Amount from Schedule 3 (Form 1040), line 7	20	
21	Add lines 19 and 20	21	
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	3,934
23a	Tax on income not effectively connected with a U.S. trade or business from Schedule NEC (Form 1040-NR), line 15	23a	
b	Other taxes, including self-employment tax, from Schedule 2 (Form 1040), line 10	23b	
c	Transportation tax (see instructions)	23c	
d	Add lines 23a through 23c	23d	
24	Add lines 22 and 23d. This is your total tax ▶	24	3,934
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	
e	Form(s) 8805	25e	
f	Form(s) 8288-A	25f	
g	Form(s) 1042-S	25g	5,418
26	2020 estimated tax payments and amount applied from 2019 return	26	5,418
27	Reserved for future use	27	
28	Additional child tax credit. Attach Schedule 8812 (Form 1040)	28	
29	Credit for amount paid with Form 1040-C	29	
30	Reserved for future use	30	
31	Amount from Schedule 3 (Form 1040), line 13	31	
32	Add lines 28 through 31. These are your total other payments and refundable credits ▶	32	
33	Add lines 25d, 25e, 25f, 25g, 26, and 32. These are your total payments ▶	33	5,418
Refund	34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	1,484
	35a Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	1,484
Direct deposit? See instructions.	▶ b Routing number <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> ▶ c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
	▶ d Account number <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
	▶ e If you want your refund check mailed to an address outside the United States not shown on page 1, enter it here: _____		
	36 Amount of line 34 you want applied to your 2021 estimated tax ▶	36	
Amount You Owe	37 Amount you owe . Subtract line 33 from line 24. For details on how to pay, see instructions ▶	37	
	38 Estimated tax penalty (see instructions) ▶	38	
Third Party Designee (Other than paid preparer)	Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions ▶ <input type="checkbox"/> Yes. Complete below. <input checked="" type="checkbox"/> No		
	Designee's name ▶ _____	Phone no. ▶ _____	Personal identification number (PIN) ▶ _____
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 physician trainee
	Phone no. 301-555-5555	Email address masaryk.c.w@net.net	If the IRS sent you an Identity Protection PIN, enter it here (see inst.) ▶ _____
Paid Preparer Use Only	Preparer's name	Preparer's signature	Date
	Firm's name ▶ _____	Phone no. ▶ _____	Check if: <input type="checkbox"/> Self-employed
	Firm's address ▶ _____	Firm's EIN ▶ _____	

**SCHEDULE A
(Form 1040-NR)**

Department of the Treasury
Internal Revenue Service (99)

Itemized Deductions

► Go to www.irs.gov/Form1040NR for instructions and the latest information.
► Attach to Form 1040-NR.

Caution: If you are claiming a net qualified disaster loss on Form 4684, see instructions for line 7.

OMB No. 1545-0074

2020
Attachment
Sequence No. **7A**

Name shown on Form 1040-NR

Your identifying number

Carlos W. Masaryk

XXX-XX-XXXX

Taxes You Paid	1a	State and local income taxes	1a	3,000	1b	3,000
	b	Enter the smaller of line 1a or \$10,000 (\$5,000 if you checked Married filing separately under <i>Filing Status</i> on page 1 of Form 1040-NR)				
Gifts to U.S. Charities	2	Gifts by cash or check. If you made any gift of \$250 or more, see instructions	2		5	
	3	Other than by cash or check. If you made any gift of \$250 or more, see instructions. Individuals must attach Form 8283 if line 3 is over \$500	3			
	4	Carryover from prior year	4			
	5	Add lines 2 through 4				
Casualty and Theft Losses	6	Casualty and theft loss(es) from a federally declared disaster (other than net qualified disaster losses). Attach Form 4684 and enter the amount from line 18 of that form. See instructions	6		6	
Other Itemized Deductions	7	Other—from list in instructions. List type and amount ► _____ _____ _____ _____ _____			7	
	8	Add the amounts in the far right column for lines 1b through 7. Also, enter this amount on Form 1040-NR, line 12	8			3,000

SCHEDULE NEC (Form 1040-NR)

Tax on Income Not Effectively Connected With a U.S. Trade or Business

OMB No. 1545-0074

Department of the Treasury Internal Revenue Service (99)

Go to www.irs.gov/Form1040NR for instructions and the latest information. Attach to Form 1040-NR.

2020 Attachment Sequence No. 7B

Name shown on Form 1040-NR

Your identifying number

Carlos W. Masaryk

XXX-XX-XXXX

Enter amount of income under the appropriate rate of tax. See instructions.

Table with columns: Nature of Income, (a) 10%, (b) 15%, (c) 30%, (d) Other (specify) 0%, %. Rows include Dividends, Interest, Royalties, Pensions, Social security benefits, Capital gain, and Gambling.

Capital Gains and Losses From Sales or Exchanges of Property

Table with columns: (a) Kind of property and description, (b) Date acquired, (c) Date sold, (d) Sales price, (e) Cost or other basis, (f) LOSS, (g) GAIN. Includes summary rows 17 and 18.

For Paperwork Reduction Act Notice, see the Instructions for Form 1040-NR.

Cat. No. 72752B

Schedule NEC (Form 1040-NR) 2020

**SCHEDULE OI
(Form 1040-NR)**

Department of the Treasury
Internal Revenue Service (99)

Other Information

▶ Go to www.irs.gov/Form1040NR for instructions and the latest information.
▶ Attach to Form 1040-NR.
▶ Answer all questions.

OMB No. 1545-0074

2020
Attachment
Sequence No. **7C**

Name shown on Form 1040-NR

Your identifying number

Carlos W. Masaryk

xxx-xx-xxxx

- A** Of what country or countries were you a citizen or national during the tax year? Czech Republic
- B** In what country did you claim residence for tax purposes during the tax year? Czech Republic
- C** Have you ever applied to be a green card holder (lawful permanent resident) of the United States? Yes No
- D** Were you ever:
 - 1.** A U.S. citizen? Yes No
 - 2.** A green card holder (lawful permanent resident) of the United States? Yes No
 If you answer "Yes" to (1) or (2), see Pub. 519, chapter 4, for expatriation rules that apply to you.
- E** If you had a visa on the last day of the tax year, enter your visa type. If you did not have a visa, enter your U.S. immigration status on the last day of the tax year. J1
- F** Have you ever changed your visa type (nonimmigrant status) or U.S. immigration status? Yes No
If you answered "Yes," indicate the date and nature of the change ▶ _____
- G** List all dates you entered and left the United States during 2020. See instructions.

Note: If you are a resident of Canada or Mexico **AND** commute to work in the United States at frequent intervals, check the box for **Canada** or **Mexico** and skip to item H Canada Mexico

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy	Date entered United States mm/dd/yy	Date departed United States mm/dd/yy
<u>01-01-20</u>			

- H** Give number of days (including vacation, nonworkdays, and partial days) you were present in the United States during:
2018 0, 2019 0, and 2020 0
- I** Did you file a U.S. income tax return for any prior year? Yes No
If "Yes," give the latest year and form number you filed ▶ 2019 Form 1040-NR
- J** Are you filing a return for a trust? Yes No
If "Yes," did the trust have a U.S. or foreign owner under the grantor trust rules, make a distribution or loan to a U.S. person, or receive a contribution from a U.S. person? Yes No
- K** Did you receive total compensation of \$250,000 or more during the tax year? Yes No
If "Yes," did you use an alternative method to determine the source of this compensation? Yes No
- L** Income Exempt From Tax—If you are claiming exemption from income tax under a U.S. income tax treaty with a foreign country, complete (1) through (3) below. See Pub. 901 for more information on tax treaties.
 - 1.** Enter the name of the country, the applicable tax treaty article, the number of months in prior years you claimed the treaty benefit, and the amount of exempt income in the columns below. Attach Form 8833 if required. See instructions.

(a) Country	(b) Tax treaty article	(c) Number of months claimed in prior tax years	(d) Amount of exempt income in current tax year
<u>Czech Republic</u>	<u>21(1)</u>	<u>8</u>	<u>5,000</u>
(e) Total. Enter this amount on Form 1040-NR, line 1c. Do not enter it on line 1a or line 1b ▶			<u>5,000</u>

- 2.** Were you subject to tax in a foreign country on any of the income shown in 1(d) above? Yes No
- 3.** Are you claiming treaty benefits pursuant to a Competent Authority determination? Yes No
If "Yes," attach a copy of the Competent Authority determination letter to your return.
- M** Check the applicable box if:
 - 1.** This is the first year you are making an election to treat income from real property located in the United States as effectively connected with a U.S. trade or business under section 871(d). See instructions ▶
 - 2.** You have made an election in a previous year that has not been revoked, to treat income from real property located in the United States as effectively connected with a U.S. trade or business under section 871(d). See instructions ▶

For Paperwork Reduction Act Notice, see the Instructions for Form 1040-NR.

Cat. No. 72756T

Schedule OI (Form 1040-NR) 2020

Case Study III: Josef W. Masaryk

This tax return is for his third calendar year in the U.S. on a J1 visa.

Prepare both a federal and a state tax return. Prepare any required or useful statements or notes.

Josef has been in the U.S. on a J1 visa for some part of two calendar years prior to the tax year. His eXemption from counting days spent in the U.S. towards the substantial presence test (SPT) ended before the tax year began. Assume he properly informed Berwyn Hospital that he expected to become a tax resident and so they should begin withholding for social security and Medicare taxes with the first pay period beginning after January 1 of the tax year.

For 2020, he is a tax resident of the U.S. and qualifies for the Recovery Rebate Credit. This is not illustrated in the solution. Most foreign nationals with Social Security numbers who file as tax residents also filed as tax residents in 2019. They would have received an 'advance' stimulus or economic impact payment. If it was the correct amount for their actual 2020 income, they need do nothing. First-time tax residents in 2020 and those who did not receive the correct amount of stimulus payment will complete the Recovery Rebate Credit worksheet to claim their due on this 2020 Form 1040 tax return.

Tax Prep Tip:

On Form 1040, even when there is a treaty income exclusion, the full amount of employer compensation is reported on Line 1. On 2020 returns, the amount eXcluded by treaty is entered on Schedule 1, Part I, Line 8, additional income, as a negative number. The reason for this subtraction is entered as a literal on the dotted line beside '*List type and amount*' as 'treaty offset' followed by the amount, treaty name, and article number. The paper form has room to enter all the information. The tax software may not. This carries to Page 1, Line 7a.

The full qualifying information and exclusion calculation is entered in a note attached to the tax return. The history of prior use of the exclusion is also detailed, as it would be on Schedule OI (Form 1040-NR), Item L.

Solution Case Study III – JWM

(For JMW's third J1 year in the U.S. on Form 1040)

Return Note for Form 1040

Tax-excluded portion of physician-trainee compensation from Form 1042-S

The U.S.-Czech Income Tax Treaty applies to this income. Taxpayer was a resident of the Czech Republic immediately before entering the U.S. on a J1 visa as a physician-trainee on April 24, 2018.

Taxpayer is claiming the 5-year exclusion of \$ 5,000 from taxable compensation provided in Article 21(1) of the U.S.-Czech Republic income tax treaty.

For his 2018 Form 1040-NR, taxpayer was in the U.S. for 8 months and excluded \$ 5,000.

For his 2019 Form 1040-NR, taxpayer was in the U.S. for 12 months and excluded \$ 5,000.

For this 2020 Form 1040, taxpayer was in the U.S. 12 months and may exclude \$ 5,000.

2020 Exclusion

Amount shown on Form 1042-S \$ 42,400

Annual exclusion amount \$ 5,000

Taxable compensation after exclusion \$ 37,400

Potential Need for Withholding Return Note on Form 1040

Compensation information for F, J, M, and Q visa holders may be reported on the wrong form. It may be on Form 1042-S long after it should have been on a W-2. FICA may have been treated incorrectly.

Enter withholding shown on a Form 1042-S on Form 1040, page 2, line 25 c and attach the 1042-S to the return.

If FICA was withheld when it should not have been, or was not withheld when it should have been, the employer should be asked to correct the situation. And a return note may be appropriate.

See book and index for how to address the situation if the employer does not correct the situation.

Return Note – State (MD) Quarterly Estimated Payments

Taxpayer pays timely quarterly estimated payments of \$ 750 per quarter, \$ 3,000 per year.

FYI: On the form, taxpayer deducts the 4th quarter payment for the prior year MD return, paid in January of this tax year, plus the first three quarters for this tax return year and paid during this tax year.

\$ 750 paid Jan 15, 2020, for 2019, and April, June, and September 15, 2020 for 2020.

On the MD state return, taxpayer enters all 4 quarterly payments made in and for 2020.

Form **1040** Department of the Treasury—Internal Revenue Service (99) **2020** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

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

Your first name and middle initial Josef W	Last name Masaryk	Your social security number X X X : X X : X X X X
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. **603 Berwyn Road** Apt. no.

City, town, or post office. If you have a foreign address, also complete spaces below. **Berwyn Heights** State **MD** ZIP code **20784**

Foreign country name Foreign province/state/county Foreign postal code

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.
 You Spouse

At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? 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, 1956 Are blind **Spouse:** Was born before January 2, 1956 Is blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions): Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

If more than four dependents, see instructions and check here ▶

1 Wages, salaries, tips, etc. Attach Form(s) W-2	1	42,400
2a Tax-exempt interest	2a	
3a Qualified dividends	3a	
4a IRA distributions	4a	
5a Pensions and annuities	5a	
6a Social security benefits	6a	
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here	7	
8 Other income from Schedule 1, line 9	8	(5,000)
9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	37,400
10 Adjustments to income:		
a From Schedule 1, line 22	10a	
b Charitable contributions if you take the standard deduction. See instructions	10b	
c Add lines 10a and 10b. These are your total adjustments to income	10c	0
11 Subtract line 10c from line 9. This is your adjusted gross income	11	37,400
12 Standard deduction or itemized deductions (from Schedule A)	12	12,400
13 Qualified business income deduction. Attach Form 8995 or Form 8995-A	13	
14 Add lines 12 and 13	14	12,400
15 Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15	25,000

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2020)

**SCHEDULE 1
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

▶ 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

2020

Attachment
Sequence No. 01

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

Your social security number

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. List type and amount ▶ <u>treaty offset - \$ 5,000 Czech Republic Article 21(1)</u>	8	(-5,000)
9	Combine lines 1 through 8. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	9	(-5,000)

Part II Adjustments to Income

10	Educator expenses	10	
11	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	11	
12	Health savings account deduction. Attach Form 8889	12	
13	Moving expenses for members of the Armed Forces. Attach Form 3903	13	
14	Deductible part of self-employment tax. Attach Schedule SE	14	
15	Self-employed SEP, SIMPLE, and qualified plans	15	
16	Self-employed health insurance deduction	16	
17	Penalty on early withdrawal of savings	17	
18a	Alimony paid	18a	
b	Recipient's SSN ▶		
c	Date of original divorce or separation agreement (see instructions) ▶		
19	IRA deduction	19	
20	Student loan interest deduction	20	
21	Tuition and fees deduction. Attach Form 8917	21	
22	Add lines 10 through 21. These are your adjustments to income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10a	22	

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

Cat. No. 71479F

Schedule 1 (Form 1040) 2020

MARYLAND FORM 502

RESIDENT INCOME TAX RETURN



2020

OR FISCAL YEAR BEGINNING _____ 2020, ENDING _____

Your Social Security Number: XXXXXXXXX
Spouse's Social Security Number:
Your First Name: Josef
MI: W
Your Last Name: Masaryk
Spouse's First Name:
MI:
Spouse's Last Name:
603 Berwyn Road
Current Mailing Address Line 1 (Street No. and Street Name or PO Box)

Berwyn Heights MD 20784
City or Town State ZIP Code + 4

Print Using Blue or Black Ink Only
Place your W-2, wage and tax statements and ATTACH HERE with one staple. Do not attach check or money order to Form 502. Attach check or money order to Form PV.

REQUIRED: Maryland Physical address of taxing area as of December 31, 2020 or last day of the taxable year for fiscal year taxpayers. See Instruction 6. Part-year residents see Instruction 26.

1701 4 Digit Political Subdivision Code (See Instruction 6)
Town of Berwyn Heights Maryland Political Subdivision (See Instruction 6)
603 Berwyn Road
Maryland Physical Address Line 1 (Street No. and Street Name) (No PO Box)
Maryland Physical Address Line 2 (Apt No., Suite No., Floor No.) (No PO Box)
Berwyn Heights MD 20784 PG
City State ZIP Code + 4 Maryland County

FILING STATUS

CHECK ONE BOX

See Instruction 1 if you are required to file.

- 1. [X] Single (If you can be claimed on another person's tax return, use Filing Status 6.)
2. [] Married filing joint return or spouse had no income
3. [] Married filing separately, Spouse SSN
4. [] Head of household
5. [] Qualifying widow(er) with dependent child
6. [] Dependent taxpayer (Enter 0 in Exemption Box (A) - See Instruction 7.)

PART-YEAR RESIDENT

See Instruction 26.

Dates of Maryland Residence (MM DD YYYY) FROM TO
Other state of residence:
If you began or ended legal residence in Maryland in 2020 place a P in the box.
MILITARY: If you or your spouse has non-Maryland military income, place an M in the box.
Enter Military Income amount here:

EXEMPTIONS

See Instruction 10. Check appropriate box(es). NOTE: If you are claiming dependents, you must attach the Dependents' Information Form 502B to this form to receive the applicable exemption amount.

- A. [X] Yourself [] Spouse Enter number checked 1 See Instruction 10 A. \$ 3200
B. [] 65 or over [] 65 or over
[] Blind [] Blind Enter number checked X \$1,000 B. \$
C. [] Enter number from line 3 of Dependent Form 502B See Instruction 10 C. \$
D. Enter Total Exemptions (Add A, B and C.) 1 Total Amount... D. \$ 3200

MARYLAND FORM 502

RESIDENT INCOME TAX RETURN



2020 Page 2

NAME [redacted] SSN [redacted]

MARYLAND HEALTH CARE COVERAGE

Check here [] If you do not have health care coverage DOB (mm/dd/yyyy) []
Check here [] If your spouse does not have health care coverage DOB (mm/dd/yyyy) []
Check here [] I authorize the Comptroller of Maryland to share information from this tax return with the Maryland Health Benefit Exchange for the purpose of determining pre-eligibility for no-cost or low-cost health care coverage.
E-mail address []

INCOME

1. Adjusted gross income from your federal return 1. 37400
1a. Wages, salaries and/or tips 1a. 42400
1b. Earned income 1b.
1c. Capital Gain or (loss) 1c.
1d. Taxable Pensions, IRAs, Annuities (Attach Form 502R.) 1d.
1e. Place a "Y" in this box if the amount of your investment income is more than \$3,650. []

ADDITIONS TO INCOME

2. Tax-exempt interest on state and local obligations (bonds) other than Maryland 2.
3. State retirement pickup. 3.
4. Lump sum distributions (from worksheet in Instruction 12.) 4.
5. Other additions (Enter code letter(s) from Instruction 12.) 5. 5000
6. Total additions to Maryland income (Add lines 2 through 5.) 6. 5000
7. Total federal adjusted gross income and Maryland additions (Add lines 1 and 6.) 7. 42400

SUBTRACTIONS FROM INCOME

8. Taxable refunds, credits or offsets of state and local income taxes included in line 1 8.
9. Child and dependent care expenses 9.
10a. Pension exclusion from worksheet (13A) Yourself [] Spouse [] 10a.
10b. Pension exclusion from worksheet (13E) Yourself [] Spouse [] 10b.
11. Taxable Social Security and RR benefits (Tier I, II and supplemental) included in line 1 11.
12. Income received during period of nonresidence (See Instruction 26.) 12.
13. Subtractions from attached Form 502SU 13.
14. Two-income subtraction from worksheet in Instruction 13 14.
15. Total subtractions from Maryland income (Add lines 8 through 14.) 15.
16. Maryland adjusted gross income (Subtract line 15 from line 7.) 16. 42400

DEDUCTION METHOD

All taxpayers must select one method and check the appropriate box.
[X] STANDARD DEDUCTION METHOD (Enter amount on line 17.)
[] ITEMIZED DEDUCTION METHOD (Complete lines 17a and 17b.)
17a. Total federal itemized deductions (from line 17, federal Schedule A) 17a.
17b. State and local income taxes (See Instruction 14.) 17b.
Subtract line 17b from line 17a and enter amount on line 17.
17. Deduction amount (Part-year residents see Instruction 26 (l and m).) 17. 2300

MARYLAND TAX COMPUTATION

18. Net income (Subtract line 17 from line 16.) 18. 40100
19. Exemption amount from Exemptions area (See Instruction 10.) 19. 3200
20. Taxable net income (Subtract line 19 from line 18.) 20. 36900
21. Maryland tax (from Tax Table or Computation Worksheet Schedules I or II) 21. 1701
22. Earned income credit (EIC)(See Instruction 18.). 22.
[] Check this box if you are claiming the Maryland Earned Income Credit, but do not qualify for the federal Earned Income Credit.
23. Poverty level credit (See Instruction 18.). 23.
24. Other income tax credits for individuals from Part AA, line 13 of Form 502CR (Attach Form 502CR.) 24.
25. Business tax credits You must file this form electronically to claim business tax credits on Form 500CR.
26. Total credits (Add lines 22 through 25.) 26.
27. Maryland tax after credits (Subtract line 26 from line 21.) If less than 0, enter 0. 27. 1701

**MARYLAND
FORM
502**

**RESIDENT INCOME
TAX RETURN**



205020250

2020
Page 3

NAME _____ SSN _____

LOCAL TAX COMPUTATION	28. Local tax (See Instruction 19 for tax rates and worksheet.) Multiply line 20 by your local tax rate .0 <u>320</u> or use the Local Tax Worksheet 28. <u>1181</u>
	29. Local earned income credit (from Local Earned Income Credit Worksheet in Instruction 19.) . . . 29. _____
	30. Local poverty level credit (from Local Poverty Level Credit Worksheet in Instruction 19.) 30. _____
	31. Local tax credit from Part BB, line 1 of Form 502CR (Attach Form 502CR.) 31. _____
	32. Total credits (Add lines 29 through 31.) 32. _____
	33. Local tax after credits (Subtract line 32 from line 28.) If less than 0, enter 0 33. <u>1181</u>
	34. Total Maryland and local tax (Add lines 27 and 33.) 34. <u>2882</u>
CONTRIBUTIONS See Instruction 20.	35. Contribution to Chesapeake Bay and Endangered Species Fund ▶ 35. _____
	36. Contribution to Developmental Disabilities Services and Support Fund ▶ 36. _____
	37. Contribution to Maryland Cancer Fund ▶ 37. _____
	38. Contribution to Fair Campaign Financing Fund ▶ 38. _____
	39. Total Maryland income tax, local income tax and contributions (Add lines 34 through 38.) . 39. <u>2882</u>
	40. Total Maryland and local tax withheld (Enter total from your W-2 and 1099 forms and attach if MD tax is withheld.) ▶ 40. _____
	41. 2020 estimated tax payments, amount applied from 2019 return, payment made with an extension request, and Form MW506NRS ▶ 41. <u>3000</u>
	42. Refundable earned income credit (from worksheet in Instruction 21) ▶ 42. _____
	43. Refundable income tax credits from Part CC, line 8 of Form 502CR (Attach Form 502CR. See Instruction 21.) 43. _____
	44. Total payments and credits (Add lines 40 through 43.) 44. <u>3000</u>
	45. Balance due (If line 39 is more than line 44, subtract line 44 from line 39. See Instruction 22.) ▶ 45. _____
	46. Overpayment (If line 39 is less than line 44, subtract line 39 from line 44.) ▶ 46. <u>118</u>
REFUND	47. Amount of overpayment TO BE APPLIED TO 2020 ESTIMATED TAX. ▶ 47. _____
	48. Amount of overpayment TO BE REFUNDED TO YOU (Subtract line 47 from line 46.) See line 51 REFUND ▶ 48. <u>118</u>
	49. Check here <input type="checkbox"/> if you are attaching Form 502UP. Enter interest charges from line 18 of Form 502UP _____ or for late filing _____ ▶ 49. _____
AMOUNT DUE	50. TOTAL AMOUNT DUE (Add lines 45 and 49.) IF \$1 OR MORE, PAY IN FULL WITH THIS RETURN. INCLUDE FORM PV. 50. _____