



## Glossary

# Intuit TurboTax Tax Simulation

Word	Definition
1040	A tax form that determines the amount of income tax owed in a single year.
1099-B	A tax form that reports gains or losses while selling stocks.
1099-DIV	A tax form that reports qualifying dividend payments to investors.
1098-E	A tax form that reports interest that was paid in the past year on student loans.
1098-T	A tax form produced by an institute of higher education to report payments received and still owed by an enrolled student.
1099-INT	A tax form that reports interest payments made to investors.
1099-NEC	A tax form that reports Non-Employee Compensation (NEC) which means money earned by independent contractors, freelancers or self-employed individuals.
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529 Plan	A savings plan that allows you to save for higher education and training without paying taxes.
Adjusted Gross Income (AGI)	Your gross income minus specific deductions. Your AGI is used to calculate how much of your income can be taxed.
American Opportunity Tax Credit	A tax break for educational expenses for qualifying students enrolled in a degree program in the first four years after high school.
Benefits	A form of compensation that is in addition to a salary or wage. They can include social security and unemployment payments, different insurance options, company perks, and employee rewards.
Child and Other Dependent Tax Credit	A tax break that is given for each qualifying child.
Compensation	An amount of money that is awarded to a person to pay for loss, injury or suffering.

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Credit	Items that reduce the actual amount of taxes you need to pay.
Cryptocurrency	A digital asset, or valuable item, that can be used like money to make purchases or hold onto like an investment.
Deduction	In tax terms, any purchase or expense that reduces the overall amount of money that you earn. Deductions are subtracted from gross income when the taxpayer calculates his or her income taxes.
Dependent	A person that is supported by another person financially.
Disability Insurance	A type of insurance that helps cover lost income when an illness or injury keeps an employee from working.
Earned Income Credit	A tax break for low- to moderate-income workers and families.
Education Savings Account (ESA)	A savings plan that can be used to pay for educational expenses in elementary, secondary and higher education without paying taxes.
Estimated tax payments	The amount of money that self-employed workers (like in the gig economy) must pay four times throughout the year.
Federal Income Tax	The federal government charges a tax on the money people earn while working.
FICA	FICA stands for the Federal Insurance Contributions Act and is deducted from the employee's paycheck. It includes Social Security and Medicare Tax, which provides benefits for people who are retired, disabled, and have children.
Filing Status	A category the IRS uses to determine how much a person's income is taxed. There are five filing statuses: single, married filing jointly, married filing separately, head of household and qualifying widow(er) with dependent child
Gig Economy	This includes a system with a group of jobs that are contract or independent work.
Gross Pay	This is the total amount of money earned before taxes and deductions are taken out of an employee's paycheck.
Head of Household	A filing status for a person who pays more than half the cost of housing and supporting another person.
Health Insurance	A type of insurance that covers the cost of medical expenses.
Income	Any form of money, property, or services that you earn or receive.
Income Tax	This is money that is withheld from an employee's paycheck and used for federal, state, and local needs. The amount withheld varies based on income and local laws.
Insurance	A means of protection from financial loss.
Interest	Interest is the fee someone pays to be able to borrow money. You either pay interest on money you borrow (like when you take out a loan to buy a car) or make interest on the money you save (like when a bank pays you interest on money you put into a savings account).

Word	Definition
<b>IRS</b>	The Internal Revenue Service is a U.S. government agency that is responsible for collecting taxes and enforcing tax laws.
<b>Itemized deductions</b>	Eligible expenses that individuals claim on tax returns to decrease the amount of their income that can be taxed.
<b>Life Insurance</b>	A type of insurance that pays a guaranteed amount of money if the employee passes away. The employee can decide who the money goes to in their policy.
<b>Lifetime Learning Credit</b>	A tax break for educational expenses for qualifying students for any class after high school.
<b>Married filing separately</b>	A filing status in which a married couple files two tax returns. Each spouse files a return using their own income and deductions.
<b>Married jointly</b>	A filing status in which a married couple combines their incomes and files one tax return.
<b>Medicare</b>	A tax that pays for health care for people over 65 or people with disabilities.
<b>Net Pay</b>	This is the total amount of money earned after taxes and deductions are taken out of an employee's paycheck.
<b>Salary</b>	A set amount of money earned per pay period. It is usually described as the amount of money made per year.
<b>Social Security</b>	A tax that pays benefits for people who have retired, disabled people, and dependents of workers who have died.
<b>Social security check</b>	A payment made by the federal government to taxpayers who have retired or are disabled.
<b>Standard deduction</b>	An amount of money that the IRS sets each year that can be subtracted from your income before calculating the taxes you owe. This can be used if you do not itemize deductions.
<b>State Income Tax</b>	Most states charge income tax on the money you earn while working. This is separate from, and additional to federal tax.
<b>Stocks</b>	These are shares of ownership in a company. If the company grows in value, then the value of stock grows in value as well.
<b>Tax Preparation Software</b>	An online program that helps an individual complete tax forms that can then be filed with the IRS.
<b>W-2 Form</b>	This is a tax form employers are required to send their employees each year. This form reports the total annual salary or wages and the amount of taxes withheld from their paychecks.
<b>W-4 Form</b>	This is a tax form employees use to tell their employer how much federal income tax to withhold from their paycheck.
<b>Wages</b>	A set amount of money an individual earns for work completed. This is paid on a regular basis such as daily or weekly.
<b>Widow(er)</b>	A person whose spouse has died. Traditionally a widow is a woman whose husband has died and a widower is a man whose wife has died.