Tax Fundamentals

Tax Return – form(s) filed by taxpayers to report income, expenses and other pertinent tax information.

Total or **Gross Income** – money, goods, services and property a person receives that must be reported, including:

- Earned Income: (Active) wages, salaries, tips and self-employment
- Unearned Income: (Portfolio) interest, dividends and retirement plans
- Passive Income: Rental properties, limited partnerships

Adjusted Gross Income (AGI) - is gross income minus some specific adjustments to income.

Deductions – certain expenses the IRS allows that reduce the amount of income subject to taxation.

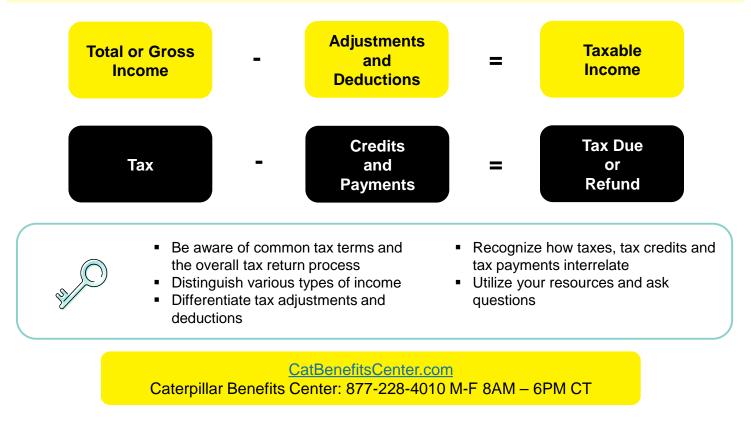
Taxable Income – is income after all eligible **deductions** that is used to calculate taxes owed.

Taxes – required payments of money to governments that are used to provide public goods and services for the benefit of the community as a whole.

Tax Credit – a dollar-for-dollar reduction in the tax. Can be directly applied to reduce taxes owed on tax return.

Payments – amounts withheld or periodically paid to timely satisfy taxes owed.

Refund – money owed to taxpayers when their total tax payments are greater than their total taxes owed.



Information here is provided solely to supplement the "Tax Fundamentals" presentation. This information should not be considered advice, and your information may warrant consideration of other alternatives. Please speak with your financial advisor and/or tax advisor.

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