

**A STUDY ON USA INDIVIDUAL TAXATION AT GVA BUSINESS SOLUTIONS MY TAX FILER
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Abstract: This study explains about the tax return preparation and implications of U.S.A individual taxation by this as tax preparers has many advantages in the growing of their skills related to taxes. In that process how to prepare the United States of America individual tax return was explained and second objective was to know about non-resident tax return procedure and what will be considered for non-resident when compare with resident. And in this study as working with My tax Filer Company the procedure that has followed by the company for preparing the individual tax return and how clients are approaching the company and what I learned was explained in the findings and conclusion. The based on the highly skilled workforce the cost of the compiling the tax return preparation was done in cost effective manner and through the help of using an overseas workforce coupled practical efficiency associated with the advent of websites enable information was secured can transfer across the global within seconds. From the study he says that the outsourcing is not an unknown blessing mainly face several issues with US accounting firms process of preparing the returns.

Keywords: US individual taxation, filing status

Introduction

The individual tax return is a form that was submits by an individual for reporting of his/her income to any local taxing agency or to federal or state from that after calculating and need to pay the taxes. With the disclosure of pertinent information will helps suggesting in assessing the tax due.

In the United States of America, the taxing authority will be controlling by the IRS (Internal Revenue System). For reporting system, the United States has permitted the electronic or hard-copy filing of individual tax returns voluntarily. There are number of taxing agencies around the world for who oversee tax collection. Some of the tax agencies will provide the pre-filed individual tax return for individual taxpayers, but some other taxing agencies require to fill the details and file the return on their own. While others insist on a hard-copy submission, documentary some countries permit electronic filing of online returns

Breaking down of individual tax return:

The income tax return is a type of individual tax return filed by an individual person as a single and married taxpayer, the process of filing a return may have done with or without dependents. Based on the US income tax version of Form 1040 only an individual filer their tax returns. Each and every individual filer as a person who earns a certain amount of income must and should file this type of tax return.

For any individual taxpayer who need to file their tax return has to complete Form 1040 and 1040 SR once after completing of this form the taxpayer will

submit the form according to your preferred date or on or before of April 15th within this date the individual taxpayer need to pay the taxes for each year. Depending upon the individuals filing status as whether he/he are single or married filing status and their income has to choose the individual tax return form. If an individual person who are having dependents wish to claim for any credits that are due to their specific situation there is form called 4868 if extensions are necessary

I. LITERATURE REVIEW

Christian et al (1993) has done the study with the title “A comparison of taxpayers and tax preparers. In the present research the author explains about the tax preparers behaviour in the way of giving recommendations for taxpayers and handling the aggressive clients and way of maintaining the relationship with. the clients for keeping as existing client to company. And also understanding the communication between tax preparers and taxpayers with enhance for serving to less potential conflict. He focused on non-compliance issues and how two parties’ perceptions compare the relation to tax position. Determining each party perceptions through the client relationship

- Dan L Schisler (1994) has done the study with the title “An experimental examination of factors affecting the tax preparer’s aggressiveness, a prospect theory approach. The purpose of this research as he provides the evidence related to the tax preparer’s concerning factors that are affected to them in the process of return reporting decisions. By this he says that the behaviour of the clients was very aggressiveness at the time of payment status that to

more at when taxpayer gets tax due time become very aggressive position. And also explains the decision-making behaviour of tax preparers as they consider themselves as loss when taxpayer got loss situation. The major research done on tax preparers has inconclusive decision-making support for prospect theory.

- Samuel R Baker (2014) has done the study with the title “Managing the tax return information”. the present study explains about the process of securing or managing the tax return information in the tax preparation firms at a confidential path and in that way as the data was qualitative and quantitative roles that are archived at IRS (Internal Revenue System) this data was differ in two ways one can exchange to government and another can have exchanged for data mining and analysing vast amounts of information to predict the uncover relationships with the clients.

- Jay A Soled (2005) has done the study with the title “tax return preparation and its implications”. This study explains about the tax return preparation and implications form whole the country by this as tax preparers has many advantages in the growing of their skills related to taxes. The based on the highly skilled workforce the cost of the compiling the tax return preparation was done in cost effective manner and through the help of using an overseas workforce coupled practical efficiency associated with the advent of websites enable information was secured can transfer across the global within seconds. From the study he says that the outsourcing is not an unknown blessing mainly face several issues with US accounting firms process of preparing the returns.

- John S Carroll (1986) has done the study with the title “A cognitive process analysis of taxpayer’s compliance”. The author explains about usefulness of the taxpayer’s compliance and assumptions is that relevant decisions about filing, reporting, claiming deductions, listing income etc. from the federal government support 53% tax revenues for federal and another 11% of corporate income taxes.

- Francois Vailancourt (1986) has done the study with the title “The compliance of taxes on Business and Individuals in review for evidence”. In the data collected through a survey of one kind or another for compliance cost data. In the total fifteen students were identified for the main characteristics of the study. Combination of various taxes have been extended present study focus on one or two type of taxes used for sample data. This paper reviews on the compliance of costs incurred for both individuals and Business

persons because of one or more taxes. This paper show that a simple type of tax was measured by the rates, of jurisdiction, taxing and exemptions on taxes is associated with the lower cost of compliance. The findings where shown number of deductions lead to reduction was proposed changes to the tax system. Exemptions and United States personal and corporate income tax special provisions was being also leads to reduction of changes of tax system.

- Volker Meier and Matthias (2011) has one the study with the title “Reducing the excess burden of subsidizing the stork joint taxation, individual taxation and family tax splitting”. The present analysis represents the change is associated with a reduction of marginal income tax and consumption and labour supply in this process for the child benefits may move to in any of the direction either for joint tax return or individual return, similarly to scheme of labour supply and welfare purpose the family tax splitting increases. By this the joint taxation was not efficient to people. By moving to individual taxation having childcare benefits more was funded in the present paper.

- ANN D. White and Diane F. Woodbury (2015) has done the study with the title “the effects of tax laws and tax administration on tax compliance the case of the U.S individual income tax”. Based on the special important aspects of tax laws develop a tax compliance of economic model which specifically incorporates U.S Federal income tax important aspects and explained the progressive structure of tax and non-compliance for each of the depend on the amounts of taxes not paid, and also suggests the increases in auditing and information reporting of probability and also the tax withholding. It also explains the IRS tax system compliance ctivities and opportunities for taxpayers & non- compliance.

- Annette Nellen (1999) has done the study on with the title “Tax reforms in the United States”. This study explains about the US tax systems follow for federal income tax system distribution, rates of the tax burden, and the comparison of subnational tax revenues and federal. And basic rules of corporate income tax and individuals. And the overview of the IRS system operations and types of forms useful for the return preparation.

- Sherlock, M.F., & Marples, D.J (2014) has done the study with the title “Overview of the federal system”. In this study mainly explains about the federal tax revenue and how the individual income taxes become major sources. And also, clearly showcase about the different types of taxes like individual taxes, payroll taxes, excise taxes, social security and other estate

taxes and gift taxes. The study explains about federal tax structure report describes and provides some statistics that are related to tax system as a whole, based on selected tax concepts presents analysis.

II. RESEARCH METHODOLOGY

Residential status:

Since taxes are vary for both resident and non-residents aliens and also it is very important to anyone being as resident alien or non-resident alien.

Resident alien:

In the United States for the purpose of the tax as a resident alien must meet the green card test or the substantial presence test from January 1st to December 31st. you will be treated as a U.S. resident for part of the year when you do not meet either of these tests.

NOTE: Global income is taxable for the resident alien.

Non-resident alien:

Once non-resident alien will be considered when unless you meet one of two tests described by IRS. You must file 1040NR, US no-resident alien income tax return 1040NR-EZ.

Non-resident spouse treated as a resident:

When you are married and one spouse in US citizen or a resident alien at the end of your tax year, and the other spouse is a non-resident alien, will be treated to choose non-resident spouse as a US resident.

Dual status tax return:

Once you arrive in or depart form US will be generally considered as dual status resident in the year. During the tax year you can be both a non-resident alien and a resident.

Note: you cannot claim standard deduction in case of dual status tax return.

Example: In India, UK, Malaysia any other countries if an individual earns income then while he/she paying the taxes must report global income to the federal government.

Green card test:

The green card test is known as if you are a lawful Permanent Resident of the United States at any time during the calendar year for the tax purposes, as a resident this is called “Green card” test.

According to the immigration laws, if you have been given the privilege to be as lawful permanent resident in the United States Then U.S Citizenship and Immigration Service (USCIS) will issued you an alien registration card, Form I-551, also known as a “Green card”.

Under this test you can continue to be as resident unless you voluntarily renounce and abandon

000.0this status in writing to the USICS, or your immigrant status is administratively terminated by the USICS, or from judicially terminated by a U. S. Federal court.

At any time during the calendar year, if you meet the green card test but do not meet the substantial presence test for the year, the starting date of your resident present in the United States as a lawful permanent resident. However, who are been as resident alien in the United States at any time during a calendar year as a Lawful Permanent Resident treated to be choose as resident alien for the entire calendar years.

Substantial Presence Test:

As per calendar 2019 once if a person meet substantial test will be considered as US resident.

To meet this test, one must physically present in the US an at least

- a) 31 days in during the current year, and
- b) Have to meet the 183 days test

Calculation if 183 days test:

- A. Current year days present in US*1 = days
(At least 31 days must be present in current year)
- B. 1st preceding year days present in US*1/3 = days
- C. 2nd preceding year days present in US*1/6= days
- D. Total days present in USA A+B+C = days

If it exceeds total no of days more than 183 days, then an individual passed the SPT test so that he will be considered as resident to the tax year and the US source of income which he/she earned will be taxable.

Tax rates for 2019-2020:

Individual income tax rates	Single	Married filing jointly	Head of household
10 percent	0 to \$9875	\$0 to 19750	\$0 to 14100
12 percent	\$9875 to \$40,125	\$19751 to \$80250	\$14101 to \$5370
22 percent	\$40126 to \$85525	\$80251 to \$171050	\$53701 to \$85500
24 percent	\$85526 to \$163300	\$171051 to \$326600	\$85501 to \$163300
32 percent	\$163301 to \$207350	\$326601 to \$414700	\$163301 to \$207350
35 percent	\$207351 to \$518400	\$414701 to \$622050	\$207351 to \$518400
37 percent	\$518401 and up	\$622051 and up	\$518401 and up

Standard deduction amounts for 2018 & 2019:

For utilizing either the standard deduction or itemized deduction everyone is entitled to reduce their taxable income because of always want to choose the deduction which reduces the tax liability mostly and giving you the best possible savings on your tax return. To arrive your taxable income, the standard deduction will reduce your adjusted gross income.

Filing status	2018	2019
Single	\$12000	\$12200
Married filing jointly	\$24000	\$24400
Married filing separately	\$12000	\$12200
Head of Household	\$18000	\$18350
Qualifying widow	\$24000	\$24400

Deductions of itemized:

- IRS will allow the itemized deductions for some expenses.
- Generally, one must decide to choose whether to use standard deduction or itemized deduction.
- The amount of income on which you are paying the taxes will reduced based on the amount the standard deduction in a dollar.
- If your allowable deductions are greater than the standard deduction then you can choose for itemized deduction.
- Because of not like to choose standard deduction some people will choose the itemized deduction for reducing their taxes.
- If you are married and filing a separate return and your spouse itemizes deductions cannot use the standard deductions.
- During in the year if you are a dual status alien or non-resident alien you cannot choose standard deduction.
- Schedule A if you cannot use the standard deduction then on form 1040 you can benefit from the itemized deduction.

Objectives of the study:

- Primary objective:
 - To know about the individual taxation procedure followed at GVA MYTAXFILER Pvt ltd
- Secondary objective:
 - To know about how to prepare the United States of America individual tax return
 - To understand the non-resident tax return procedure.

Data collection process:

Primary data:

- Primary data helpful for this project going to get from the co-employees and team leader & senior manager by doing both informal and formal discussions.

Secondary data:

- The secondary data related to source of information useful for this study was available through the ongoing process in the company and through from internet, magazines and form taxation related books.

Limitations of the study:

- My role is limited for only tax associate and US tax support & tax analyst.
- There is no interaction while e-filing the return
- The returns were not done through own way it should be done through an online software.
- The project is limited to the data that was provided by the company as some data and it was very confidential.

IV. DATA ANALYSIS & INTERPRETATION

Mr Welson Antony staying in Unites States (Taxes) since from 2017 till now and his Annual W2- Wages income was \$40232. He was not having any other income from different sources. Based on this given details need to prepare the taxpayer return. Below shown 1040 U.S. Individual Income Tax Return 2019 was compiled his return clearly. The Taxpayer Mr Welson Antony SSN (Social Security Number) is 333447214, (2324 wood space, Allen

Federal tax calculator:

TAX RATE	THRESHOLD	TAX DUE IN BOND
10%	\$0.00 to \$9700	\$970
12%	\$9700 to \$39,475	\$2199.84
Federal income tax Due		\$3169.84
Less :- withhold amount		\$4232
Refund		1064.16

Form the above US Income Tax return 2019, the Taxpayer He was not married, he was a resident person, fall under standard deduction of 12,200. His annual salary income was \$40,232, based on his wage's salary income according to the 2019 US Tax slab his income reached to 10%. By this he needs to pay \$3169.84 amount of due he was having after deducting the withhold amount of \$4232, this due amount he to pay for IRS government of United States.

US TAX calculator:

In the above Tax return analysis, the taxpayer income was \$40,232. And certain tax exceptions circumstance the standard deduction \$12,200, after deducting this his total taxable income was \$28,032.08. For that federal income tax is \$3,169.84 which he needs to pay for IRS government of US. But his withhold amount was more than tax liability so he was overpaid by that taxpayer will get refund amount of \$1,064.56.

NOTE:

When the withhold is more than the tax which need to pay for IRS after deducting this tax liability amount then the amount taxpayer will get from IRS government US as Refund, if the withhold is less than the tax then taxpayer should pay due amount to IRS government US here even if we add rest of credits also not reached more means taxpayer have to pay.

Mr Christen drew was working at United States since from 2017 and he was living in Alaska state and his W2-Wages salary Income was \$161325 and was resident person and he also married. His wife name was Andrina Loyi, she is housewife. Based on given below details need to prepare tax return.

- The Taxpayer Mr Christen drew SSN (Social Security Number) is 484575842
- The spouse Mrs Andrina loyi SSN is 612485474
- His W2-income was \$161325.
- He was getting income of \$4374 from his bank accounts.
- He was some Dividends form shares that are divide into qualified dividends and ordinary dividends \$1500 and \$4006
- He was holding a share with the worth of \$10948.
- Apart from the bank he was getting \$7000 of amount as additional income from other sources.

The image shows a portion of a 2019 US Income Tax return (Form 1040). The 'Total tax' is \$24,552.66. A 'Refund' of \$10,177.84 is indicated. The 'Amount you owe' is \$34,730.60. The form includes sections for 'Refund', 'Amount you owe', and 'Sign Here'.

INTERPRETATION:

Form the above US Income Tax return 2019, the Taxpayer filing status was married filing jointly fall under standard deduction of \$24,400. His annual salary income was \$173,653, based on his wage’s salary income according to the 2019 US Tax slab his income reached to 12%. By this he needs to pay \$24,552.66 amount of due he was having after deducting the withhold amount of \$34,730.6 this due amount he to pay for IRS government of United States.

NOTE:When the withhold is more than the tax which need to pay for IRS after deducting this tax liability amount then the amount taxpayer will get from IRS government US as Refund If the withhold is less than the tax, then taxpayer should pay due amount to IRS government US here even if we add rest of credits also not reached more means taxpayer have to pay.

FINDINGS:

- Based on client needs and wants there was several differences between one client to another client while approaches to file their tax return
- Doing as Tax associate job is very interesting and challenging in the office time even in the work from home
- Main problem due to CORONA VIRUS as COVID-19 most of the clients forced for filing their return very urgently, but after changes done by US president as extending to June 15th from April 15th client’s coming with different ways for reducing their tax without proper information.
- Most of the resident clients showing their foreign source of income wrongly to avoid the extra taxes.

- And most of the clients doesn’t know about basic tax rules by that while filing their tax they feel so panic
- Some of the clients goes illegally for the purpose of reducing their tax due and trying for getting more refund.
- The problems occur due to not working of software sometimes in pick situation like e- filing, updating of any given documents etc.

SUGGESTIONS:

- While registering at online portal some clients facing while updating of any of their documents
- When speaking with the clients must check discounting and pricing factor clearly.
- During the registration try to ask and should get required additional details if needed from the client side for not getting any complex situations.
- Try to avoid generating the duplicates while uploading the final copies of the returns.
- The tax returns which are e-filed sometimes get rejected from IRS side and the returns which are happen like that try to sort out as soon as possible without getting any escalates from clients.

CONCLUSION:

As a trainee I have understand how the Tax structure of United States of America is built and for the taxpayers what type of implications will be there in the United States of America. And here the process will be end-to-end in a strictly enforced manner according to US government rules and laws. They ensure whole tax filing takes very less time and also ensure at e-filing their tax return.

In that way the GVA (Global Value Added) offers best services to the clients based on all terms and conditions and also handle the notices that are receive from the IRS department behalf of client’s company employee will handle it and try to clear it as much as possible and 24/7 there will be a consultant for clarifying of any queries or doubts and assist them very clearly. They introduced new system called chatting online with the clients to get connected with them regarding filing their tax returns.

The taxation is a vast subject there will be lot to learn and keep on update each and every day in that process as am in the starting I was little confuse with the client provided data at that time I try to clear my doubts with my team leader. At the of training I didn’t get any practical experience of learning but when comes to floor as doing live return I got lot of experience in tax return preparing but I got very good suggestions from senior tax analyst’s exports. Then with the emigrant programmers help I have learnt managing of tax administrative activities associated and also helps in

providing best results to the clients. In my domain the majority of the work was handling the client is the important element in the job for that strong people skills are the most require, and when interacting with different people on a daily basis, externally and internally it's as true that there are different roles playing at GVA.

As a Tax associate if you are enjoying this aspect of role can build good working relationships with clients and know the wider network of GVA. You can learn good analytical skills by doing lot of analysing pieces

of information before making the conclusion as the position of tax residency of an assignee and can know how the income will be treated according the changes done by government.

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