

Filing Taxes As A Minor: A Step By Step Guide (2019 Tax Season)

Time Until Tax Day (April 15, 2019) Countdown

When it comes to tax season, many entrepreneurs under the age of 18 are thrown off the deep end. There's almost no information on the web detailing how to go about filing taxes as a minor. Two years ago when I first began filing taxes, I had to learn by doing (and made some mistakes along the way). This guide walks you through the step by step process of filing taxes as a minor, and will hopefully help you avoid some common pitfalls.

This guide refers to the new tax laws put in place by the Tax Cuts and Jobs Act. It is current as of the 2019 tax filing season. Please keep in mind that tax law changes from year to year, and you should always consult an accountant/attorney before filing.

Step 1: Determine if you are eligible to pay taxes

As a minor, you may not need to pay taxes in the first place. There are three main questions to figure out if you need to pay federal income tax.

1. Is are you a dependent (by IRS definition)?
2. What type of income do you have?
3. How much income do you have?

First, let's figure out if you're a dependent. The simple answer is yes. If you are under age 19, then you're considered a dependent. However, if you (the minor) provide more than half of your financial support, then you are no longer a dependent. This would be a very rare case, but if it relates to you, speak with an accountant/attorney.

For Parents: be aware that you should NOT include your dependent's income as income on your own tax return. Your dependent has to report their income on their own tax return, unless age prohibits this. If that's the case, you must file the return on the minor's behalf.

Because you're (probably) a dependent, you'll only need to file taxes if you meet certain requirements regarding the type and amount of income. There are two types of income that may apply to you: Earned Income and Unearned Income.

Earned Income includes wages, salaries, and other amounts you received as pay for work you actually perform. This comes from traditional employment (working as a cashier at Target) and self employment (building websites as a freelance worker). Taxable scholarship income is also generally included, though this probably won't apply to you.

Unearned Income comes from dividends, interest or investment gains. This may very well apply to you if you're an avid investor.

Filing For Earned Income

If you're filing for earned income *only*, then you're eligible to pay taxes if you have earned above \$12,000. If you haven't earned above \$12,000, then you don't need to pay income taxes. However, in many cases, your employer will withhold taxes. If you don't meet the requirements to pay taxes, then you can get these refunded. [Click here to skip to that section.](#)

Even if you don't need to pay taxes, I strongly suggest you follow the best practices laid out at the bottom of this article to avoid any mistakes or mix-ups. [Click here to skip to that section.](#)

You can find out how much earned income you've made over the past year by employing a variety of techniques. First, view bank account statements for each of the 12 months in the last year. Find the deposits, and remove all none-employment figures. You'll be left with your earned income. If you were working in a traditional position, your employer will send you a

Filing For Unearned Income

Filing for unearned income *only* comes with its own set of conditions. If your unearned income is above \$2,100 for 2018, a tax return is required. Taxes and returns for unearned income *only* could be included on your parents return to aid in simplicity: just remember, it may push them into a higher tax bracket!

To find out how much unearned income you have you can request a tax record from your brokerage. It details dividends, capital gains and other figures for ease in accounting.

Filing For Both

If you have both earned and unearned income to account for this year, then your filing circumstances change once again. If you meet the following conditions, then you are eligible to pay income tax:

- unearned income was over \$1,050
- earned income was over \$12,000, or
- earned and unearned income together total more than the larger of (1) \$1,050, or (2) total earned income (up to \$12,000) plus \$350.

☐ Stop! ☐: Even if you don't need to pay this year, take a look at the best practices when it comes to taxes below. [Click here to skip to that section.](#) Also, if you're not eligible to pay taxes but work for an employer who withholds taxes, then you can get a tax refunded. [Click here to go to the "Refund/deduction/rebate"](#)

section.

Step 2: Accounting and Communication

As a minor, the two most important aspects of tax season are accounting and communication.

First, get your numbers in order using the methods discussed above. Refer to your W2 for all income from your employer. For self-employed income, you should have a record of transactions that have taken place over the past year. Use your bank account statements to verify all income information. It is essential that you get your gross income figure correct - too high and you could pay unnecessary taxes, too low and you could be in trouble with the IRS.

Now that you have your gross income figure, and all of the sources where it came from, talk with your parents about the next steps. It's important to let your parents know what you are doing, or it could mess up their tax filings.

Your parents may have their accountant create a tax return profile for you, including the various forms needed. For unearned income, this may be the best route. For earned income, I recommend you file the taxes yourself, and if given the luxury of an accountant, refer their forms to yours. This way you limit your risk of messing up and gain real world experience of tax filing skills.

If you are going to file taxes on your own (I can't recommend this enough), then head on to the next section. If an accountant is going to do them for you, [click here](#).

Step 3: File Your Taxes

Now that you know you're filing taxes, it's time to buckle down and do it. Use a service to create your tax return packet, rather than trying to do them yourself. It saves a lot of time and effort.

Because you're a minor, you are (probably) eligible for Free File (the program is officially available for anyone who makes under \$66,000). This gives you access to several tax filing applications. [See the full list here.](#)

Though you're probably eligible for several of the offerings, I strongly suggest the [Turbo Tax File Free application](#). I've used them without issue for two years (as a minor), and the software is quick and easy to use. The remainder of this guide assumes that you use TurboTax to create your return.

TurboTax is extremely simple to get around, asks step-by-step questions, and works well for minors (this isn't a paid solicitation - though I wish it was). Additionally, the Intuit (TurboTax parent company) Knowledge Base is pretty thorough.

You enter your info, like Name, Address, SSN, Age, etc.

Following the basic info, you enter your W2(s):

Income & taxes withheld (boxes 1-6)

Box 1 - Wages, tips, other	Box 2 - Federal tax withheld
<input type="text" value="\$"/>	<input type="text" value="\$"/>
Box 3 - Social Sec. wages	Box 4 - Social Sec. tax withheld
<input type="text" value="\$"/>	<input type="text" value="\$"/>
Box 5 - Medicare wages	Box 6 - Medicare tax withheld
<input type="text" value="\$"/>	<input type="text" value="\$"/>

Throughout the process, the program will keep you updated with the dollar amount of your federal tax refund, and explain why (something that I really like - It's something that helps me understand where everything is going).



Your federal refund so far

\$0

Let's keep going. We'll check for tax breaks to help add to your refund.

explainwhy™

Why am I getting a refund of \$0?

Additionally, there are FAQ's to keep you in the know. It's worth noting that these are conditionally generated based on your personal return, which really helps you understand the process.

If you have another W-2, add it now. If not, let's move on.

[What if my employer sent me an additional W-2?](#)

[What if I received another W-2 after I already filed?](#)

[What if I didn't get my W-2?](#)

[Where do I enter my W-2G?](#)

[What if I have a 1099?](#)

[What if my box 1 includes reimbursements for a 2017 move?](#)

Following the W2, it will ask you about your unearned income.

Interest and Dividends

We're looking for **interest and dividends you received** from things like checking, savings, and investment accounts.

Don't enter interest you paid, like home mortgage or student loan interest. We'll ask for that info later.

Here's what we'll cover:

- Interest income (**Form 1099-INT**) [More Info](#)
- Dividend income (**Form 1099-DIV**) [More Info](#)

[What paperwork do I need?](#)

Did you receive any interest or dividend income in 2018?

TurboTax will also ask you about business income and expenses, something that benefits me (and many other Millionaires By 25), because it will calculate deductibles from your unique situation.

A great feature about the software is that as you complete the various forms and questions, your taxes owed constantly changes, and is displayed to you.

FEDERAL TAX DUE
(in progress) **\$123456** [Hide](#)

Following federal returns, you'll also file your state tax returns. Much of the information entered for the federal returns transfers over to the state returns, saving you a ton of time. When you finish all of the steps, you'll set up a way to pay the taxes and send the forms into the IRS. You'll also be given the option to download the forms, which you should do. It is important to keep detailed records.

Review the forms with your parents, and then click the submit button. Just like that, your taxes are filed and done! Congratulations. You should receive a few confirmation emails, and then you're on your way.

A Few Best Practices

Even if you're ineligible to pay taxes, you should file a return. This makes you eligible for a refund on withheld tax and other credits. It also gives you the experience you'll need when you file taxes on your own.

Always pay taxes early. Tax day may be in April, but you can and should file them now. By filing early, you have a time buffer - if you get anything wrong on the first time around, you still have time to re-file. Without a time buffer, if there's something wrong in the IRS' favor, you may not get a second chance. If there's something wrong that is detrimental to the IRS, you will need to go through a lengthy process of re-filing, and in the worst case scenario get in tax trouble.

Keep track of all income over the year. This makes it much easier and quicker when it comes to tax season. Note the source of income, payment type and date.

Always double check your taxes. It's not good if there's an error - which is stressful and takes hours to

resolve. Save yourself the trouble by checking and double checking for any errors. As a minor, you should also have your parents review the filing before sending it to the IRS and make sure it parallels their return.

If you have any questions regarding taxes as a minor, feel free to leave a comment and I'll get back to you ASAP. Also remember that this is not legal advice, and anything you do should be approved by a tax attorney, accountant or your parents.