

**RASHAD'S  
QUICK COURSE  
ON TAXES**



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# **QUICK ANSWERS**

**TO YOUR PERSONAL, BUSINESS,  
INVESTMENT, EDUCATION AND NONPROFIT TAX QUESTIONS**

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**RASHAD PHILLIPS, MBA**

# ABOUT THE AUTHOR

Rashad Phillips is a tax accountant, small business advisor, real estate educator, and an Award Winning Journalist who is passionate about sharing his expertise with individuals, small business owners, non-profit organizations, and students. Phillips expressed an early interest in the business field. He enrolled in Garinger High School's Academy of Finance, a magnet program which offered real estate pre-license courses to high school students. After completing high school, he earned his real estate license and then entered Johnson C Smith University's business program as a Duke Endowment Scholar. As a college student, he put his classroom knowledge to work in the real world, working as a part-time tax professional. As a business student, he gained valuable real world business experience to compliment his classroom knowledge. After graduating from JCSU, he continued his post-graduate business studies at Pfeiffer University. Phillips considers education a life-long pursuit and is an avid reader of Business, Economics, Marketing, Self-Help, and Historical Books.

Phillips's passion for writing and communications earned him several Charlotte Area Black Journalists Association Excellence In News Awards (2013, 2014, 2015). During the past two years, you may have seen Phillips sharing his tax expertise on WBTV News, WSOC News, and in a nationwide Time Warner Cable commercial.

Check out the following links to learn more about Phillips:

[www.rashadphillips.com](http://www.rashadphillips.com)

[https://youtu.be/jw\\_78rHSQNI](https://youtu.be/jw_78rHSQNI)

<https://youtu.be/IG3HBuRwZoo>

## CONTACT RASHAD:

[rashad@writeme.com](mailto:rashad@writeme.com)

<https://www.linkedin.com/in/rashadphillips>

<https://about.me/rashadphillips>

<https://www.facebook.com/rashadquickcourse/>

*Text Rashad @ 313131 for a FREE TAX REPORT*



# INTRODUCTION

*Rashad's Quick Course on Taxes* is the result of thousands of conversations, emails, meetings, and tax appointments. For the past 15 years, when I thought I was off work, I was approached by clients who had small business or tax questions. I remember my ex-girlfriend complaining that I was giving her quality time away to my clients during my off time. Even if I was tired or needed a break, I couldn't say no to my clients. At one point, we began to go shopping, dining, and hanging out in neighboring cities so that I would encounter fewer tax questions during my off time.

Throughout the past 10 years, I constantly heard the voice of my best friend, Melvin Graham, saying "You need to write a book." The thought of writing a book took a back seat to the sounds of Afro-Latin music, beautiful Salseras, and road trips to dance the days and nights away. In 2008, I began taking Salsa dance lessons and after 6 months of tripping over my feet, I was transformed from Rashad Phillips into Dr. Dip, a nickname that I earned for my mastery of the dance move known as the dip. I thought that Salsa dancing was my

***"THERE'S JUST ONE THING I CAN'T FIGURE OUT.  
MY INCOME TAX!"***  
***-NAT KING COLE***

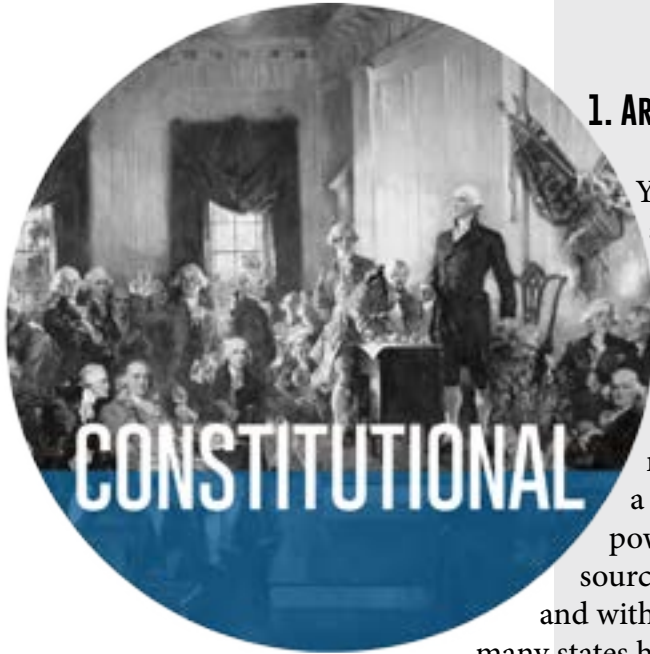
***"THE HARDEST THING TO UNDERSTAND IN THE  
WORLD IS THE INCOME TAX."***  
***-ALBERT EINSTEIN***

escape from thinking about taxes, but as soon as my Salsa family learned that I was a tax accountant, I began receiving questions on the dancefloor. It wasn't unusual for me to answer tax questions at our pre-dancing dinners or after we finished dancing.

I hope that *Rashad's Quick Course on Taxes* provides answers to common tax questions and allows me to enjoy a little more of my off time. When I am dining out, shopping, enjoying a movie, or dancing Salsa, I can direct people to download a free copy of *Rashad's Quick Course on Taxes*. I wrote this book so that the reader doesn't have to read the entire book in one sitting. The reader can select questions from five categories (personal, business, investments, education, and nonprofit questions) and find practical responses to their tax concerns. I am confident that *Rashad's Quick Course on Taxes* will provide readers with clarity on a variety of tax topics.



# PERSONAL TAX QUESTIONS



## 1. ARE INCOME TAXES CONSTITUTIONAL?

Yes, income taxes are constitutional. Many individuals and organizations that oppose the income tax state that income taxes weren't included among the original articles of the United States Constitution when it was adopted in 1787. Income taxes became law when Congress passed Amendment 16 to The United States Constitution on July 2, 1909. On February 3, 1913, Amendment 16 was ratified by the US Congress. The 16th Amendment changed a portion of Article I, Section 9: "The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration." Additionally, many states have passed laws that allow state and local governments the authority to collect income, sales, and property taxes.

## DOES MY 17-YEAR-OLD SON NEED TO FILE AN INCOME TAX RETURN FOR HIS PART-TIME SUMMER JOB?

# 2

If your son makes less than \$10,300 (Tax Year 2016) then he is not required to file an income tax return. Consider looking at box 2 and 16 on your son's Form W-2 to see if federal (box 2) or state (box 16) taxes were withheld. Your son may not be required to file but he may want to file to get a refund based on federal and state taxes withheld from his check. Also, if your son plans to attend a community college or university, he will be required to file a tax return in order to qualify for financial aid.

# THREE

## LAST NOVEMBER, I GOT MARRIED. SINCE, I WAS SINGLE FOR MOST OF THE YEAR, CAN I FILE SINGLE ON MY TAX RETURN?

Let's assume that you were married on 11/30/15. Even if you were married for only one day in 2015, in the eyes of the Internal Revenue Service, you were married for the whole year. If someone were to get married on 12/31/15, the IRS would consider the couple married for all of 2015. When you file your tax returns, you have two filing options: married filing joint or married filing separate.



## **4 I WANT MORE MONEY IN MY PAYCHECK. CAN I FILE EXEMPT FOR SIX MONTHS AND THEN SWITCH BACK TO NORMAL TAX WITHHOLDINGS AFTERWARDS?**

This strategy will work if you are single and earn less than \$28,000 (with 2 dependents under the age of 16) or married filing joint (with 2 dependents under age 16) and earn less than \$38,000. The previously mentioned taxpayers can change their withholding throughout the year because their tax will probably be very low and they are entitled to the following tax credits: the child tax credit, the earned income credit, and the additional child tax credit. If you don't fit the description of the two types of taxpayers that I described then I strongly recommend that you do not switch your exemptions during the year because typically you will end up with a large tax bill on April 15th.

# MORTGAGE



## **5 IF I PAY \$5,000 IN MORTGAGE INTEREST DOES THAT MEAN I WILL GET A \$5,000 DEDUCTION FROM MY TAX BILL?**

Mortgage interest is an itemized deduction. Taxpayers select the standard deduction (\$6,100 Single or 12,100 Married Filing Joint for Tax Year 2016) or they select the total of their mortgage interest, real estate taxes paid, personal property taxes paid, medical expenses paid, state income or sales taxes paid, charitable donations, and unreimbursed employee expenses. The standard deduction or itemized deduction reduces your adjusted gross income. In short, if selecting itemized deductions is in your best interest, usually you realize between 20% and 30% of the mortgage interest that you paid in the form of a tax refund.

# HOMEDOWNERS

## SIX

### WHAT TAX BREAKS ARE AVAILABLE FOR HOME OWNERS?

Homeowners are able to receive tax breaks for mortgage interest, loan discount points, mortgage insurance premiums, and real estate taxes. Homeowners aren't able to deduct the following items: homeowners insurance, homeowner association dues, home repairs, or home renovation.

### WHAT ARE THE TAX CONSEQUENCES OF A SHORT SALE ON MY PRIMARY RESIDENCE?

A short sale occurs when homeowners sell their home for less than their home loan. [Example: Owen Owner sells his home for \$185,000 and his loan balance is \$300,000]. Owen would only be able to sell his home with the permission of his lender due to the Due-on-sale clause (alienation clause) in his promissory note. After the sale, Owen's lender could sue Owen for the shortfall (\$115,000) or cancel Owen's debt. If the lender cancels the debt, then Owen will receive a 1099-C, and \$115,000 would become taxable income on Owen's federal and State taxes.

## SEVEN



## 8 DO I HAVE TO PAY TAXES ON DEATH BENEFITS MONEY THAT I RECEIVED FROM LIFE INSURANCE?

Life insurance death benefits are not taxable. If you borrow against your life insurance policy and decide not to repay your loan, then you will receive a Form 1099. The unpaid loan will become taxable income. Some people use life insurance in their tax planning strategy to reduce the tax burden on their family after their death.



# THANK YOU

Thank you for taking time out of your busy schedule to download and read my first book! The answers found in *Rashad's Quick Course On Taxes* are buried in thousands of pages of IRS tax code. Trust me, you wouldn't have enjoyed searching the tax code for those answers. Hopefully, my book saved you some time and answered some of your tax questions.

I am considering writing another Quick Course on personal finances, real estate, mortgages, or starting a small business but I am basing my decision on the feedback from this book. So, if you enjoyed this book, please let me know. Send an email to [rashad@writeme.com](mailto:rashad@writeme.com), send me a message on [LinkedIn](#), or leave a book review. Text me at 313131 to receive a **Free Overlooked Deductions Tax Report**.

P.S. Please help me by sharing my book with your family, friends, and co-workers.

Sincerely,

*Rashad I. Phillips*