



Tax Basics for College Students

Kindros Foundation Workshop

What We'll Cover Today

01 Filing vs. Paying: What's the Difference?

03 W-2 Income & Payroll Deductions

05 Tax Brackets, Deductions & the 1098-T

02 1099 Income: Freelance, Gigs & Side Jobs

04 The W-4: How Withholding Works

06 How to File & Free Resources

Two Ways You'll Encounter Taxes

W-2 Employee

- Internships
- Part-time jobs
- Full-time jobs after graduation

Taxes withheld automatically

vs

1099 Contractor

- Freelancing
- Tutoring
- Side gigs & consulting

You manage your own taxes

Filing Taxes ≠ Paying Taxes

⚡ Key insight most people get wrong

FILING

Reporting your income to the IRS. Everyone with income above a certain threshold must file. It's required by law.

PAYING

Whether you owe money depends on your income level, deductions, and how much tax was already withheld throughout the year.

1099 Income

Freelance, tutoring, side gigs & consulting

What Does Being a 1099 Contractor Mean?

- **You are NOT an employee. You're self-employed.**
- No taxes are automatically withheld from your payments.
- You are responsible for paying your own taxes.
- At tax time, you may owe. So planning ahead matters.

15.3%

Self-Employment Tax
(Social Security + Medicare)

*+ federal & state income taxes
on top of this*

Good News: You Can Deduct Business Expenses

Tax is based on taxable income. Taxable Income = Total Income – Deductible Expenses



Laptop / Equipment

Used for freelance work



Software Subscriptions

Design, editing, productivity tools



Supplies & Materials

Anything needed for the job



Professional Development

Courses, certifications, books

Planning Ahead: 1099 Contractor Tax Habits

 **Save 20–30% of every 1099 payment in a separate savings account**

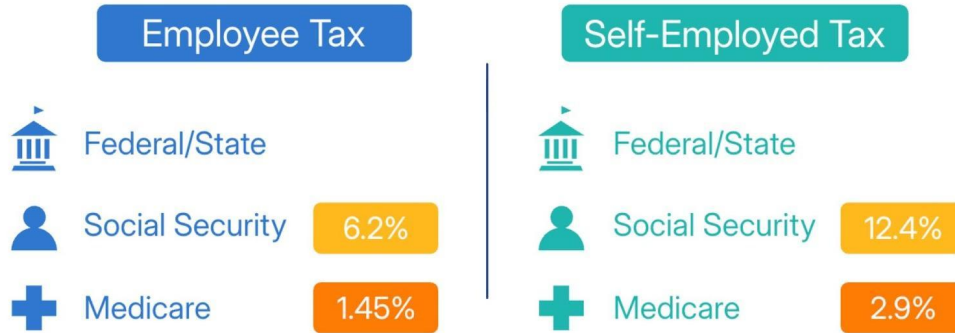
- Open a dedicated savings account labeled "Taxes" and treat it as off-limits.
- If 1099 income is significant, you may need to make quarterly estimated payments to the IRS (due in April, June, September, January).
- Missing estimated payments can trigger IRS penalties, even if you pay in full at tax time.
- Track all income and expenses throughout the year. Do NOT wait until April.

W-2 Income


Internships, campus jobs & full-time offers

What Does Being a W-2 Employee Mean?

- **You are a formal employee of the company.**
- Taxes are automatically withheld from each paycheck.
- Your employer pays half of your Social Security & Medicare taxes (you pay 6.2% + 1.45%).
- You receive a W-2 form in January showing all your earnings and withholdings for the prior year.
- Filing in April: you reconcile what was withheld vs. what you actually owe.



Reading Your W-2 Form

| | | | | | | | | |
|---|----------------------------|---|---|---|--|---|--|------------|
| | | a Employee's social security number 758-58-5787 | | Safe, accurate, FAST! Use  | | Visit the IRS website at www.irs.gov/efile | | |
| b Employer identification number (EIN) 78-8778788 | | | 1 Wages, tips, other compensation 80000.00 | | 2 Federal income tax withheld 10368.00 | | | |
| c Employer's name, address, and ZIP code DesignNext Katham Dorbosto, Kashiani, Gopalganj Gopalganj, AK 8133 | | | 3 Social security wages 80000.00 | | 4 Social security tax withheld 4960.00 | | | |
| | | | 5 Medicare wages and tips 80000.00 | | 6 Medicare tax withheld 1160.00 | | | |
| | | | 7 Social security tips | | 8 Allocated tips | | | |
| d Control number | | | 9 | | 10 Dependent care benefits | | | |
| e Employee's first name and initial Jesan | | Last name Rahaman | Suff. | 11 Nonqualified plans | | 12a | | |
| Katham Dorbosto, Kashiani, Gopalganj Gopalganj, AK 8133 | | | 13 Statutory employee <input type="checkbox"/> | Retirement plan <input type="checkbox"/> | Third-party sick pay <input type="checkbox"/> | 12b | | |
| | | | 14 Other | | | 12c | | 12d |
| | | | | | | | | |
| f Employee's address and ZIP code | | | | | | | | |
| 15 State | Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax | 18 Local wages, tips, etc. | 19 Local income tax | 20 Locality name | | |
| AL | 877878878 | 80000.00 | 3835.00 | | | | | |

- Box 2** Federal income tax withheld
- Box 4** Social Security tax (6.2%)
- Box 6** Medicare tax (1.45%)
- Box 17** State income tax
- Box 12D** 401(k) contributions
- Box 12E** 403(b) contributions

The W-4 Form

How to control your tax withholding

The W-4: Telling Your Employer How Much to Withhold

You fill out the W-4 when you start a new job. It controls how much federal income tax is deducted from each paycheck.

Withhold Too Little



You owe money at tax time. Surprise bill in April, and possibly a penalty if you're significantly under.

Withhold Just Right



You owe little or nothing at filing. The goal: break even or get a small refund.

Withhold Too Much



You get a big refund, BUT you've given the government an interest-free loan all year.

Tax Brackets & Standard Deduction

How the math actually works

The Standard Deduction: Your Free Pass

The standard deduction = income that is NOT taxed. Most students take it. No itemizing needed.

\$15,750

Single Filer
(2025)

\$31,500

Married Filing
Jointly (2025)

Most college students qualify as single filers and will take the standard deduction automatically.

How Tax Brackets Actually Work

Moving into a higher bracket does NOT mean ALL your income is taxed at that rate. Only the portion ABOVE the threshold is taxed higher.

| Rate | Taxable Income (Single, 2025) | You pay... |
|------|-------------------------------|--------------------------|
| 10% | \$0 – \$11,925 | 10% on this portion |
| 12% | \$11,926 – \$48,475 | 12% on this portion only |
| 22% | \$48,476 – \$103,350 | 22% on this portion only |
| 24% | \$103,351 – \$197,300 | 24% on this portion only |
| 32%+ | Above \$197,301 | 32%, 35%, or 37% |

Kindros Platform: "Earning" Module → Exercise "How do My Federal Taxes Work?"

Filing Deadline & Free Resources

April
15

Annual Tax
Filing Deadline



IRS Free File

Free federal filing for AGI ≤ \$89,000. Visit irs.gov/freefile



VITA

Volunteer Income Tax Assistance. Free, in-person help from IRS-certified volunteers at local sites



International Students

Check if you qualify for the 1040-NR. Ask your university's international student office for resources



Kindros Foundation Platform

Complete the Earning module for interactive federal tax exercises. Free for all students

What Gets Deducted From Your Paycheck?

Three types of payroll deductions:

① Mandatory *(Legal Requirements)*

- Federal & state income taxes (based on W-4)
- Social Security & Medicare (FICA)

W-4 Tip: Claim exempt ONLY if you had zero tax liability last year AND expect zero this year. It is not automatic for students.

② Voluntary *(Employee-Elected)*

- Health, dental & vision insurance premiums
- Flexible Spending Accounts (FSA)
- 401(k) / retirement contributions

These reduce your taxable income, a benefit of employer-sponsored plans.

③ Involuntary *(Court-Ordered)*

- Wage garnishment for unpaid debts
- Child support orders
- Student loan default collections

Employers are required by law to comply with garnishment orders.

Form 1098-T: Your Tuition Tax Statement

Your school sends this to you (and the IRS) each January. It's used to calculate education tax credits.

Box 1

Qualified Tuition Paid

*What was actually paid for tuition & required fees.
Used to calculate your eligible education credit.*

Box 5

Scholarships & Grants

*Total aid disbursed by the school. Tax-free if used for
tuition — but may reduce the credit you can claim.*



If Box 5 > Box 1: the excess may be taxable, specifically if aid covered room, board, or other non-tuition costs



If a scholarship covers 100% of tuition: your school may not send a 1098-T



If parents claim you as a dependent: they, NOT YOU, claim the education tax credit on their return



Service-based grants (ROTC, AmeriCorps, teaching stipends) are taxable even if used for tuition. They are compensation, not scholarships

How to File: Step by Step

What Form Do You File?

Form 1040

U.S. Citizens & Residents

Form 1040-NR

International Students (visa holders)

Common Schedules for 1040

Sched. 1

Additional income (freelance, gigs) & above-the-line deductions (student loan interest)

Sched. 1-A

NEW (2025–2028): Deduct qualified tips & overtime. Useful for part-time workers

Sched. 2

Additional taxes (self-employment tax, AMT)

Sched. 3

Additional credits & payments (education credits, estimated tax payments)

Key Filing Steps

1

Ask parents: Are they claiming you as a dependent? Are they taking an education credit? Do you have accounts in your name?

2

Gather documents: W-2s, 1099s, 1098-T, interest or investment statements, business expenses/receipts

3

Choose filing method: IRS Free File (AGI ≤ \$89K) or free tax software

4

File even if not required. If taxes were withheld, you must file to get a refund

5

Check state requirements. Both your school state and home state may apply

Filing for Free vs. Paying for Help

✓ Consider Filing for Free When...

- ✓ Taxes were withheld from your job. File to get your refund
- ✓ You earned below the filing threshold but want a refund
- ✓ Simple return: one or two income sources
- ✓ AGI is \$89,000 or less: use IRS Free File
- ✓ 1099 income with straightforward expenses

💡 Consider Paying When...


- Self-employed with complex business expenses
- Multiple state returns (lived & worked in different states)
- Complex investment income (stocks, crypto, dividends)
- Uncertain which tax credits you qualify for
- Income from an estate, trust, or partnership

Questions?

We'd love to hear from you.

 kindrosfoundation.org

 Free platform access: yourschool.kindros.org

 Please fill out today's survey. Your feedback helps us improve!

