SOLUTIONS FOR

QUESTIONS AND PROBLEMS

CHAPTER 1

THE INDIVIDUAL INCOME TAX RETURN

Group 1 - Multiple Choice Questions

1. D	(LO 1.1)	8. E	(LO 1.6)	16. C	\$10,000 = \$265,000 -
2. D	(LO 1.2)	9. A	Because the daughter's in-		(\$290,000 – \$35,000) (LO 1.8)
3. C	(LO 1.3)	con	ne exceeds \$4,050. (LO 1.6)	17. C	\$48,000 = \$51,000 - \$3,000
4. B	(LO 1.3)	10. C	(LO 1.6)		(LO 1.8)
5. A	\$98,000 - \$19,000 - \$4,050	11. B	(LO 1.6)	18. B	(LO 1.9)
	= \$74,950 (LO 1.3)	12. B	(LO 1.7)	19. C	(LO 1.9)
6. D	\$6,300 + \$4,050 = \$10,350	13. B	(LO 1.7)	20. D	(LO 1.11)
	(LO 1.4)	14. D	(LO 1.8)		
7. C	(LO 1.5)	15. B	(LO 1.8)		

Group 2 - Problems

- 1. a. Raising revenue to operate the government.
 - b. Furthering economic goals such as reducing unemployment.
 - c. Furthering social goals such as encouraging contributions to charities. (LO 1.1)
- 2. a. \$36,700 = \$41,000 + \$700 \$5,000.
 - b. \$12,600, the greater of itemized deductions or the standard deduction of \$12,600.
 - c. $\$16,000 = \$36,700 \$12,600 (2 \times \$4,050)$. (LO 1.3)
- 3. a. **\$24,000.**
 - b. \$6,300, the greater of total itemized deductions or the standard deduction amount.
 - c. \$13,650 = \$24,000 \$6,300 \$4,050. (LO 1.3)
- 4. a. \$52,300 = \$53,300 + \$1,600 + \$400 \$3,000 (\$7,000 capital loss limited to \$3,000)
 - b. **\$6,300**
 - c. \$4,050
 - d. \$41,950 = \$52,300 \$6,300 \$4,050. (LO 1.3 and 1.8)
- 5. Gross income
 - Deductions for adjusted gross income
 - = Adjusted gross income
 - Greater of itemized deductions or standard deduction
 - Exemptions
 - = Taxable income (LO 1.3)
- 6. a. \$48,730 = \$47,230 + \$3,500 \$2,000.
 - b. \$12,600, the greater of itemized deductions or the standard deduction of \$12,600.
 - c. $$28,030 = $48,730 $12,600 (2 \times $4,050)$.
 - d. \$3,276 (Tax Table) (LO 1.3, 1.5, 1.6, and 1.7)

7.	Adjusted gross income	\$17,400
	Less: Itemized deductions	-2,250
	One exemption	_4,050
	Taxable income	\$11,100

Ulysses' tax liability from the Tax Table is \$1,205. Note: because they are married and filing separately and Ulysses' spouse Penelope itemizes her deductions, Ulysses must also itemize his deductions, even though the itemized deductions total less than the standard deduction he would be otherwise entitled to. (LO 1.3, 1.5, 1.6 and 1.7)

8. Adjusted gross income (\$13,200 + \$1,450) \$14,650
Less: Standard deduction -6,300
Exemption -4,050
Taxable income \$4,300

(LO 1.3, 1.5, and 1.6)

(Note: See Chapter 6 for the tax computation for dependent college students under age 24.)

- 9. a. \$35,950 = \$46,300 \$6,300 \$4,050.
 - b. Taxpayers with income up to \$100,000 must use the tax tables.
 - c. \$4,933. (LO 1.3, 1.5 and 1.6)
- 10. a. \$67,625 = \$49,500 + \$10,125 + \$5,000 + \$3,000.
 - b. **\$64,425** = \$67,625 \$3,200.
 - c. \$13,200, the greater of itemized deductions or the standard deduction of \$12,600.
 - d. 5. Two personal and three dependency exemptions.
 - e. $\$30.975 = \$64.425 \$13.200 \$20.250 (5 \times \$4.050)$.
 - f. \$3,719 (LO 1.3, 1.5, 1.6 and 1.7)
- 11. a. **\$88,500** = \$84,600 + \$3,900.
 - b. $\$8.100 = 2 \times \4.050 .
 - c. \$67,700 = \$88,500 \$12,700 \$8,100. (LO 1.3, 1.5, 1.6 and 1.7)
- 12. Taxable income is: \$30,400 = \$40,750 \$6,300 \$4,050. Tax liability from the tax tables not the tax rate schedules: \$4,100. (LO 1.3, 1.5, 1.6, 1.7)
- 13. Yes. Since Nicoula owes Social Security taxes on the unreported tips, she must file an income tax return. (LO 1.4)
- 14. a. No. Income is less than the sum of the \$4,050 exemption plus the \$6,300 standard deduction.
 - b. Yes. Unearned income was more than \$1,050. Also, gross income is more than the larger of \$1,050 or \$1,900 (earned income of \$1,550 plus \$350).
 - c. No. Their income is under \$21,950, the total of personal exemptions $(2 \times 4,050)$ and the standard deduction (\$12,600 + \$1,250 (over 65 years old)).
 - d. No. Gross income is less than \$20,700, the total of personal exemptions and the standard deduction.
 - e. Yes. His earnings exceeded the \$400 limit for self-employed persons.

(*Note*: All answers can be found in the figures in LO 1.4.)

- 15. Allen \$2,690.

 Boyd \$3,215.

 Caldwell \$4,439.

 Dell \$3,459.

 Evans \$7,028. (LO 1.5)
- 16. a. D
 - b. D
 - c. A
 - d. A
 - e. B or C (LO 1.5)
- 17. a. Because their income exceeds \$100,000, the tax rate schedules must be used.
 - b. $\$17,792.50 = ((\$105,000 \times 25\%) \$8,457.50)$. (LO 1.5)
- 18. They may file either as married filing joint or married filing separately. They must file married, since they were married by year-end. (LO 1.5)

- 19. Head of household. Maggie's parents meet the tests to qualify as her dependents. Maggie is single. Additionally, she provides a home for her parents. Parents are the only exception to the requirement that dependents must live in the same household as the taxpayer to qualify the taxpayer for head of household status. (LO 1.5)
- 20. Single. Unmarried with no dependent.

Head of household. Single or abandoned spouse, with qualifying dependent.

Qualifying widow(er). Spouse died within the past 2 years; qualifying dependent. (LO 1.5)

- 21. a. Yes, her son qualifies as a dependent.
 - b. No. Her son must live in the same household as Mary, so Mary cannot use the head of household filing status. (LO 1.5 and 1.6)
- 22. a. **2.** One personal and one dependency.
 - b. 2. Two personal. The sister does not qualify as a dependent, because her gross income was greater than \$4,050.
 - c. 2. One personal and one dependency.
 - d. 2. One personal and one dependency.
 - e. 2. Two personal. (LO 1.6)
- 23. **\$12,150.** 3 exemptions at \$4,050 each. (LO 1.6)
- 24. No. Because Charles is self-supporting, his parents may not claim him as a dependent. The self-support test is applied to both children and relatives who otherwise qualify, so Charles is disqualified either way. (LO 1.6)
- 25. No. Phillip cannot be claimed as a dependent because he is not a U.S. citizen. (LO 1.6)
- 26. The standard deduction is a specific dollar amount that varies with filing status, age and vision, but not by type of individual deduction. Total itemized deductions depend on the amount and type of items, with some items having limitations based on AGI. They include medical expenses, certain taxes, certain interest expense, charitable contributions and miscellaneous deductions

A taxpayer should claim the larger of the standard deduction or the total allowed itemized deductions to reduce the taxpayer's income subject to tax as much as possible. (LO 1.7)

27. **\$1,520**. AGI = \$240,000 Threshold $\frac{200,000}{40,000}$ Investment income $\frac{90,000}{$^{40,000}}$

Lesser of above amount \$40,000 x 3.8% (LO 1.9)

- 28. The answer will vary depending on the date the problem is assigned and completed. The purpose of the problem is to familiarize the student with the IRS website. (LO 1.10)
- 29. The blank forms are not reproduced here. By the time the student is assigned this problem, the current year's forms should be available. (LO 1.10)
- 30. Instructions are not reproduced here. Current year's instructions should be available. (LO 1.10)

Group 3 - Writing Assignments

1. Research Solution:

Whittenburg, Gill, and Altus-Buller, CPAs San Diego, CA February 20, 20xx

Mr. and Mrs. William Carson 3276 Lakeline Drive San Diego, CA

Dear William and Sheila,

Thanks for requesting my advice concerning the tax treatment of your brother Jerry. I have researched your question and am sorry to say that you cannot claim Jerry as a qualifying child.

Although Jerry meets the relationship, domicile, joint return, citizenship, and self-support test, he does not meet the age test. Even though he is a full-time student and under the age of 24, in order to be your qualifying child, he must be younger than at least one of you.

Although you can't claim him as a qualifying child, there is a possibility that you could claim Jerry as a qualifying relative if he makes less than \$4,050.

My conclusion is based upon the facts that you have provided me. I'm sorry that the news was not more favorable. If you have any questions or would like further explanation, please don't hesitate to call.

Sincerely,

Trevor Malcolm

for Whittenburg, Gill, and Altus-Buller, CPAs

2. Ethics Solution:

To: JasonandMary@email.com

Subject: Inquiry on filing status: single v. married filing jointly

Jason and Mary,

Thanks for your e-mail regarding your filing status for 2016. Let me also say, I really enjoyed your wedding ceremony and reception. Thank you for inviting me.

Your e-mail stated that you had prepared your 2016 taxes as both single and married filing jointly and found that your refund would be larger if both of you filed as single. Unfortunately, the tax law is very clear on this issue. Individuals who are married as of the last day of the tax year are considered to be married. Married taxpayers have only two filing status options: married filing joint or married filing separate. In order to file single, taxpayers must be unmarried or legally separated from their spouse as of the last day of the tax year. Not only would it be unethical for you to file single, it would be against the law.

The additional tax that married couples sometimes encounter is known as the "marriage penalty." Hopefully you are finding that your wedded bliss outweighs the tax penalty!

Your friend,

Trevor Malcolm

For Whittenburg, Gill and Altus-Buller, CPAs

Group 4 - Comprehensive Problems

1. See page 31.

2A. See pages 32 and 33.

2B. See pages 34 and 35.

Group 5 - Cumulative Software Problem

The solution to the Cumulative Software Problem is posted on the website for the textbook at www.cengage.com/login.

Comprehensive Problem 1

		artment of the Treasury—In								
Form			irn for Single and	•	2016					
1040EZ		INT FIIERS With	No Dependents	(99)	2016				No. 1545-007	
Your first name a	and initial		Last name						security nu	
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n a joint return, s	pouse s ilis	a name and miliai	Last name					opouse s soc	Jai Security i	number
Home address (n	number and	street). If you have a P.O), box, see instructions.			l A	pt. no.	. NATIO	th - 0	ONI/-)
	ace Driv		,						e sure the St ove are corre	
			a foreign address, also complete	e spaces below (se	ee instructions).			Presidential	Election Carr	npaign
Houston	n. TX 7	7099						Check here if yo	u, or your spous	se if filing
Foreign country i	,		Foreign p	province/state/co	ounty	Foreign po			o go to this fund not change you	
								efund.	X You	Spouse
Income	1		nd tips. This should be sh	nown in box 1	of your Forn	n(s) W-2.			40.000	
Attach	_	Attach your Form(s) W-2.					1	19,600	
Form(s) W-2 here.	2	Taxable interest If	the total is over \$1,500.	you cannot us	se Form 1040	DEZ		2		
Enclose, but do	_									
not attach, any	3	Unemployment co	mpensation and Alaska l	Permanent Fur	nd dividends	(see instruction	ons).	3		
payment.	,	Add lines 1.2 and	2. This is your adjusted	d anga in ann		- 11		4	19,600	
	- 4		3. This is your adjusted im you (or your spouse)			dent check		•	13,000	
	Ş		(es) below and enter the	-						
		You	Spouse							
			you (or your spouse if	a joint return),	enter \$10,35	0 if single;				
			d filing jointly. See back			<i>G</i> ,	:	5	10,350	
	6	Subtract line 5 from	m line 4. If line 5 is large	er than line 4, e	enter -0				0.050	
		This is your taxab						6	9,250	
Payments,	7		withheld from Form(s)		9.			7	2,940	
Credits.	- oa		edit (EIC) (see instruct	tions)				8a		
and Tax	$\frac{\mathbf{b}}{9}$	Nontaxable comba			8b		_ ,	9	2.940	
	$\frac{9}{10}$		These are your total pa int on line 6 above to fir	-		in the	-		2,940	
	10		enter the tax from the ta	•		in the	10	o .	928	
	11		dual responsibility (see i			coverage X	7 4.		- 020	
	12		1. This is your total tax		T uii yeui	coverage [A	12	2	928	
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Have it directly		If Form 8888 is att	ached, check here				1.	3a	2,012	
deposited! See instructions and	▶ b	Routing number			▶c Type:	Checking	Saving	gs		
fill in 13b, 13c,										
and 13d, or Form 8888.	▶ d	Account number								
Amount You Owe	14	_	than line 9, subtract line 9 ve. For details on how to				▶ 14	1		
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Sign	Under	penalties of perjury, I d	eclare that I have examined	this return and	, to the best o	f my knowledge	e and belief	f, it is true,	correct, and	
Here	on all i	nformation of which the	d sources of income I receive preparer has any knowledge	ed during the ta	. year. Deciara	ation of prepare	i (Otilei tilai	тине тахрау	ei) is baseu	
Joint return? See	Yours	ignature		Date	Your occupa			aytime phone	e number	
instructions.	_					g Attendant				
Keep a copy for your records.	Spous	e's signature. If a joint re	eturn, both must sign.	Date	Spouse's oc	cupation		he IRS sent you N, enter it	u an Identity Pr	rotection
	Print/T:	nranararia	Dunanada : :			Data		re (see inst.)	DTIN	
Paid	Print/Type	e preparer's name	Preparer's signature			Date		neck [] if lf-employed	PTIN	
Preparer	Eigen-'					Figure 2 - FIR1 :				
Use Only	Firm's nar					Phone no.				
For Disclosure. I			uction Act Notice, see inst	ructions.	C	at. No. 11329W	7	For	m 1040E 2	Z (2016)

Comprehensive Problem 2A

Form 1040A		ertment of the Treasury 5. Individual I				(99)	201	16	IRS Us	e Only	–Do not	write or staple in th	is space.
Your first name and init			Last name									OMB No. 1545-00	74
Leon				az	0							social security nu	
If a joint return, spouse	's first r	name and initial	Last name	az	U .							se's social security	
Leslie			_ L	az	0						- 1	6647331	
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											refund.		-
Filing	1 [Single					4 🔲	Head of ho	ouseholo	d (with	qualifyir	ng person). (See ins	tructions.)
status		X Married filing jo							,			but not your dep	endent,
Check only one box.	3 [Married filing ser		spo	ouse's SSN a	bove and		enter this					4! \
	6a	full name here. ▶ X Yourself.	If someone	001	a claim vo	11.00.0.0					aepena	ent child (see instru Boxes	uctions)
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dependents, see		(1) First name	Last name	4					-	instruc	tions)	did not live with you due to	
instructions.		Lyle	Lazo	15	52-52-555	52	Son			_	+	 divorce or 	
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la a a sa a	d	Total number of	or exemption	าร	ciaimed.							above ▶	+
Income	7	Wages, salarie	s. tips. etc.	Att	ach Form	(s) W-2.					7	50,240)
Attach			-,p,			(-)					<u> </u>	00,210	
Form(s) W-2	8a	Taxable intere	st. Attach S	che	edule B if	required	d.				8a		
here. Also attach	b	Tax-exempt in)					
Form(s)	9a b	Ordinary divide				if requir		_			9a		
1099-R if tax was	10	Qualified divide Capital gain dis			, ,	nne)	91)			10		
withheld.	11a	IRA	Stributions (300	, ii i sti dotic) i i 3 ₎ .	11b	Taxable	amou	nt	10		
If you did not		distributions.	11a					(see inst	ructio	ns).	11b		
get a W-2, see instructions.	12a	Pensions and					12b	Taxable	amou	nt			
		annuities.	12a					(see inst	ructio	ns).	12b		
	13	Unemploymen	t compans	tio	n and Alac	ska Porr	manan	t Fund di	ividend	de	13		
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		benefits.	14a					(see inst			14b		
							_					50.046	
	15	Add lines 7 thr	ough 14b (fa	ar r	ight colun	nn). This	s is you	ır total ir	ncome	<u>∍.</u> ▶	15	50,240	Ц
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gross	16 17	Educator expe IRA deduction					17				_		
income	18	Student loan in				ructions					-		
					,		,						
	19	Tuition and fee					19						
	20	Add lines 16 th	rough 19. T	he	se are you	r total	adjust	ments.			20		
	21	Subtract line O	O from line	15	This is we	ur adi	etod «	roce inc	omo		- 21	50,240	
For Disclosure, P		Subtract line 2								Cat N			
		,,				.,				Jul. 11			()

Comprehensive Problem 2A, cont.

Form 1040A (2	2016)				Page 2
Tax, credits,	22	Enter the amount from line 21 (adjusted gross income).		22	50,240
and	23a		boxes		
payments		if: Spouse was born before January 2, 1952, Blind check	ed ▶ 23a		
payments	k	If you are married filing separately and your spouse itemizes			
Standard		deductions, check here	▶ 23b		
Deduction for—	24	Enter your standard deduction.		24	12,600
People who	25	Subtract line 24 from line 22. If line 24 is more than line 22, en	ter -0	25	37,640
check any box on line	26	Exemptions. Multiply \$4,050 by the number on line 6d.		26	12,150
23a or 23b or	27	Subtract line 26 from line 25. If line 26 is more than line 25, en	ter -0		,
who can be claimed as a		This is your taxable income.		▶ 27	25,490
dependent, see	28	Tax, including any alternative minimum tax (see instructions). 28	2,894		-,,
instructions.	29	Excess advance premium tax credit repayment. Attach	2,001		
All others:		Form 8962. 29			
Single or Married filing	30	Add lines 28 and 29.		30	2.894
separately, \$6,300	31	Credit for child and dependent care expenses. Attach			_,00.
Married filing		Form 2441. 31			
jointly or Qualifying	32	Credit for the elderly or the disabled. Attach			
widow(er),		Schedule R. 32			
\$12,600 Head of	33	Education credits from Form 8863, line 19. 33			
household,	34	Retirement savings contributions credit. Attach Form 8880. 34			
\$9,300	35	Child tax credit. Attach Schedule 8812, if required. 35			
	36	Add lines 31 through 35. These are your total credits.		36	
	37	Subtract line 36 from line 30. If line 36 is more than line 30, en	ter -0	37	2.894
	38	Health care: individual responsibility (see instructions). Full-year		X 38	2,034
	39	Add line 37 and line 38. This is your total tax.		39	2,894
	40	Federal income tax withheld from Forms W-2 and 1099. 40	4,640		2,034
	41	2016 estimated tax payments and amount applied	4,040		
If you have	•	from 2015 return. 41			
a qualifying child, attach	42a				
Schedule EIC.					
EIC.	43	Additional child tax credit. Attach Schedule 8812. 43			
	44	American opportunity credit from Form 8863, line 8. 44			
	45	Net premium tax credit. Attach Form 8962. 45			
	46	Add lines 40, 41, 42a, 43, 44, and 45. These are your total pay	vments.	▶ 46	4,640
	47	If line 46 is more than line 39, subtract line 39 from line 46.	,e		1,010
Refund	•	This is the amount you overpaid.		47	1,746
Divers	48a	-	d check here		1.746
Direct deposit?		Pouting		<u> </u>	1,740
See	▶ k	Routing number	Savings		
instructions and fill in		A			
48b, 48c,	▶ 0	number			
and 48d or Form 8888.	49	Amount of line 47 you want applied to your			
		2017 estimated tax. 49			
	50	Amount you owe. Subtract line 46 from line 39. For details on	how to pay		
Amount	•	see instructions.	mon to pay	, ▶ 50	
you owe	51	Estimated tax penalty (see instructions). 51		, ,	
Third posts		o you want to allow another person to discuss this return with the IRS (see instru	ıctions)? Ye	s. Complete	e the following.
Third party					
designee		lesignee's Phone ame ▶ no. ▶	numbe	al identificati r (PIN)	on ▶
	L	Inder penalties of perjury, I declare that I have examined this return and accompanying sche	edules and statem	nents, and to	the best of my knowledge
Sign	a ti	nd belief, they are true, correct, and accurately list all amounts and sources of income I rec nan the taxpayer) is based on all information of which the preparer has any knowledge.	ceived during the	tax year. Dec	claration of preparer (other
here		our signature Date Your occupation	n	Daytime p	ohone number
Joint return?		Butche	er		
See instructions. Keep a copy	Ē	pouse's signature. If a joint return, both must sign. Date Spouse's occup			ent you an Identity Protection
for your records.		Homer	maker	PIN, enter i here (see in	
Paid	Р	rint/type preparer's name Preparer's signature	Date	Check ►	DTIN
				self-employ	1 11
preparer	F	irm's name ▶	1	Firm's EIN	
use only	_	irm's address ▶		Phone no.	
					Form 1040A (2016)

Comprehensive Problem 2B

Form		rtment of the Treasury-I				004	c						
1040A		6. Individual In		ax Return	(99)	201	6	IRS	S Use Or	ıly—D	o not v	vrite or staple in this	s space.
Your first name and init	tial		Last name							L		OMB No. 1545-007	
												social security nur	nber
Abigail	la Carta			oxer								<u>′6 73 3311</u>	
If a joint return, spouse	's first n	name and initial	Last name								Spous	e's social security n	umber
Homo addrosa (numba	r and at	root) If you have a D.O. h	ov. ooo inotrus	tions					Ant n	_			
		reet). If you have a P.O. b	ox, see instruc	tions.					Apt. n	0.		ake sure the SSN(s and on line 6c are c	
3456 Alamo		d ZIP code. If you have a fo	roian addrass al	so complete space	c bolow (coo	inetruction	c)			-	_	idential Election Car	
San Antonio,			eigii addiess, ai	30 complete space	3 Delow (300	instruction	3).				_	ere if you, or your spouse	
Foreign country name	1/\	70243		Foreign province	ce/state/co	untv	F	oreia	n postal c		jointly, w	ant \$3 to go to this fund.	Checking
·g,				l consignification						- 11	a box be refund.	low will not change your You	Spouse
Filing	1 [Single				4 🛛	Head of h	מפוור	hold (wi	th au	alifying	person). (See instr	
status	2	Married filing joi	ntly (even if	only one had	income)							but not your depe	
Check only	3	Married filing sepa					enter this						,
one box.		full name here. ▶					Qualifying	wido	w(er) wi	th der	pender	nt child (see instru	ctions)
Exemptions	6a	X Yourself. If	someone	can claim yo	u as a d	lepende	ent, do	not	check	7	1	Boxes	
		bo	ox 6a.	•							}	checked on 6a and 6b	1
	b	□ Spouse		_		_					J	No. of children	
	С	Dependents:		(2) Dependen	t'o social	(3) D	ependent'	٥	(4) 🗸			on 6c who: • lived with	
If more than six				security no			nship to y		age 17 o			you	_1_
dependents, see		(1) First name	Last name						inst	uctions	s)	did not live with you due to	
instructions.		Helen	Boxer	676-73-	3312	Daug	ghter		_	Щ		with you due to divorce or	
										<u> </u>		separation (see instructions)	
				-						ᆜ		Dependents	
										H		on 6c not	
				-						\vdash		entered above	
										ш_		Add numbers	
	Ь	Total number of	exemption	s claimed								on lines above ►	2
Income		Total Hallibol of	<u>oxomption</u>	io diaminodi									T
IIICOIIIC	7	Wages, salaries,	tips, etc.	Attach Form	(s) W-2.						7	42,620	
Attach			1 - 7		(-)							12,020	
Form(s) W-2	8a	Taxable interest	. Attach So	chedule B if	required	d.					8a	275	
here. Also	b	Tax-exempt into	erest. Do r	ot include o	n line 8a	a. 8b)	•	125				
attach Form(s)	9a	Ordinary dividen	ds. Attach	Schedule B	if requir	ed.					9a		
1099-R if tax	b	Qualified divider	ids (see in:	structions).		9b)						
was	10	Capital gain dist	ributions (s	see instruction	ons).						10		
withheld.	11a						Taxable						
If you did not	-10	distributions.	11a				see ins				11b		
get a W-2, see instructions.	12a	Pensions and	10-				Taxable				106		
		annuities.	12a				(see ins	truc	tions).		12b		
	13	Unemployment of	companea	tion and Alas	ska Dorn	manent	Fund d	ivid	ande		13		
		Social security	Joinpensa	tion and Alas	ska i cii		Taxable				10		
	174	benefits.	14a				see ins				14b		
		20.1011101				<u> </u>	(0000						
	15	Add lines 7 throu	ugh 14b (fa	ar right colun	nn). This	s is you	r total i i	nco	me.	▶	15	42,895	
Adjusted												·	-
gross	16	Educator expens	ses (see in	structions).		16			İ				
income	17	IRA deduction (s	ee instruc	tions).		17	1						
	18	Student loan inte	rest deduc	tion (see ins	tructions	s). 18							
	19	Tuition and fees				19							
	20	Add lines 16 thro	ough 19. T	hese are you	ır total a	adjustr	nents.				20		1
	04	Culptroot line 00	from line 4	E This is	مالم مال						01	42,895	
For Dioclasses 5	21	Subtract line 20								<u> </u>	21		(2010)
r or Disclosure, P	iivac)	y Act, and Paperwe	ork neduct	IOH ACL NOTIC	e, see s	c parate	mstruc	นบท	Cat.	No. 1	1327A	Form 1040A	(2010)

Comprehensive Problem 2B, cont.

Form 1040A (2	2016)								P	age 2
Tax, credits,	22	Enter the amount from line 21 (ac	djusted g	ross inco	me).			22	42,895	
and	23a	Check [You were born before Ja	anuary 2, 1	952, 🔲 B	lind ן Total	boxes				
payments		if: Spouse was born before	January 2,	1952, 🔲 B	Blind ∫ check	x ed ▶ 23a				
payments	b	If you are married filing separate	ly and yo	ur spouse	e itemizes			_		
Standard		deductions, check here				▶ 23b				
Deduction for —	24	Enter your standard deduction.						24	9,300	
People who	25	Subtract line 24 from line 22. If li	ne 24 is r	nore than	line 22, en	ter -0		25	33,595	
check any box on line	26	Exemptions. Multiply \$4,050 by						26	8,100	
23a or 23b or who can be	27	Subtract line 26 from line 25. If li				ter -0			-,	
claimed as a	-	This is your taxable income.					\blacktriangleright	27	25,495	
dependent, see	28	Tax, including any alternative minim	um tax (se	e instructi	ons). 28	3,159			-,	
instructions.	29	Excess advance premium tax cre				0,.00		_		
All others: Single or		Form 8962.			29					
Married filing	30	Add lines 28 and 29.						30	3,159	
separately, \$6,300	31	Credit for child and dependent c	are expe	nses. Atta	ach				-,	
Married filing		Form 2441.			31					
jointly or Qualifying	32	Credit for the elderly or the disab	oled. Atta	ch						
widow(er),	-	Schedule R.	310a. 7 teta	011	32					
\$12,600 Head of	33	Education credits from Form 886	33. line 19		33			_		
household, \$9,300	34	Retirement savings contributions of						_		
φ9,300	35	Child tax credit. Attach Schedule						-		
	36	Add lines 31 through 35. These a						36		
	37	Subtract line 36 from line 30. If li				ter -0		37		
	38	Health care: individual responsibil					X	38		
	39	Add line 37 and line 38. This is ye			-, ,			39	3,159	
	40	Federal income tax withheld from			099. 40	4,300		-	0,100	
	41	2016 estimated tax payments an			000. 10	1,000		_		
If you have	• •	from 2015 return.	ia airioair	парріїса	41					
a qualifying _child, attach	42a				42a			_		
Schedule EIC.	a		42h		1			_		
LIO.	43	Additional child tax credit. Attack		le 8812.	43					
	44	American opportunity credit from						_		
	45	Net premium tax credit. Attach F			45			-		
	46	Add lines 40, 41, 42a, 43, 44, and				vments.	•	46	4,300	
	47	If line 46 is more than line 39, sul				,			.,000	$\overline{}$
Refund		This is the amount you overpaid						47	1,141	
Direct	48a	Amount of line 47 you want refunde		f Form 888	88 is attache	d. check here	▶ □	48a	1.141	
Direct deposit?		Routing							.,	
See instructions	▶ þ	number	► c	Type:	Checking	Savings				
and fill in		Account								
48b, 48c, and 48d or	▶ d	number								
Form 8888.	49	Amount of line 47 you want appl	lied to vo	ur				_		
		2017 estimated tax.			49					
Amount	50	Amount you owe. Subtract line	46 from I	ine 39. Fo	or details or	how to pay				
, u		see instructions.					์ ▶	50		
you owe	51	Estimated tax penalty (see instru	ictions).		51					
Third party	D	o you want to allow another person to disci		urn with the	IRS (see instri	uctions)?	s. Co	mplete tl	he following.	No
				hone	(000			ntification		
designee		esignee's ame ►	n			numbe			•	
<u> </u>	U	nder penalties of perjury, I declare that I have exa	amined this re	eturn and acc	companying sch	edules and statem	ents,	and to the	e best of my kno	wledge
Sign	aı th	nd belief, they are true, correct, and accurately lis an the taxpayer) is based on all information of wh	st all amounts nich the prepa	s and source: arer has any k	s of income I red knowledge.	ceived during the	tax ye	ar. Declar	ration of prepare	r (other
here	Y	our signature	Da	ate	Your occupatio	n	Da	ytime pho	one number	
Joint return? See instructions.					Accour	ntant				
Keep a copy	s	oouse's signature. If a joint return, both must sign	n. Da	ite	Spouse's occup	oation			you an Identity Prot	ection
for your records.								N, enter it re (see inst.)		$\neg \neg$
Paid	Р	rint/type preparer's name	reparer's sign	nature		Date		k ▶ ☐ if	PTIN	
								employed		
preparer	Fi	rm's name ▶					Firm	's EIN ▶		
use only	Fi	rm's address ►					Phor	ne no.		
									Form 1040A	(2016)

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Key Number Tax Return Summary

Chapter 1

Comprehensive Problem 1

Adjusted Gross Income (Line 4)	19,600
Taxable Income (Line 6)	9,250
Total Tax (Line 12)	928
Tax Refund (Line 13a)	2,012

Comprehensive Problem 2A

Adjusted Gross Income (Line 21)	50,240
Standard Deduction (Line 24)	12,600
Exemptions (Line 26)	12,150
Total Tax (Line 39)	2,894
Amount Overpaid (Line 47)	1,746

Comprehensive Problem 2B

Adjusted Gross Income (Line 21)	42,895
Standard Deduction (Line 24)	9,300
Exemptions (Line 26)	8,100
Total Tax (Line 39)	3,159
Amount Overpaid (Line 47)	1,141