

**SOLUTIONS FOR**  
**QUESTIONS AND PROBLEMS**



## CHAPTER 1

### THE INDIVIDUAL INCOME TAX RETURN

#### Group 1 - Multiple Choice Questions

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

#### 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 x \$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 x \$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 x \$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 x 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                    200,000  
    40,000  
Investment income         90,000  
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](mailto: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](http://www.cengage.com/login).

Comprehensive Problem 1

Department of the Treasury—Internal Revenue Service			
Form <b>1040EZ</b>	<b>Income Tax Return for Single and Joint Filers With No Dependents</b> (99)	<b>2016</b>	OMB No. 1545-0074
Your first name and initial <b>Patty</b>		Last name <b>Banyan</b>	
If a joint return, spouse's first name and initial		Last name	
Home address (number and street). If you have a P.O. box, see instructions. <b>543 Space Drive</b>		Apt. no.	▲ <b>Make sure the SSN(s) above are correct.</b>
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). <b>Houston, TX 77099</b>		<b>Presidential Election Campaign</b> Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input checked="" type="checkbox"/> <b>You</b> <input type="checkbox"/> <b>Spouse</b>	
Foreign country name		Foreign province/state/county	Foreign postal code
<b>Income</b>  <b>Attach Form(s) W-2 here.</b>  Enclose, but do not attach, any payment.	<b>1</b>	Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.	<b>1</b> 19,600
	<b>2</b>	Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.	<b>2</b>
	<b>3</b>	Unemployment compensation and Alaska Permanent Fund dividends (see instructions).	<b>3</b>
	<b>4</b>	Add lines 1, 2, and 3. This is your <b>adjusted gross income</b> .	<b>4</b> 19,600
	<b>5</b>	If someone can claim you (or your spouse if a joint return) as a dependent, check the applicable box(es) below and enter the amount from the worksheet on back. <input type="checkbox"/> <b>You</b> <input type="checkbox"/> <b>Spouse</b> If no one can claim you (or your spouse if a joint return), enter \$10,350 if <b>single</b> ; \$20,700 if <b>married filing jointly</b> . See back for explanation.	<b>5</b> 10,350
	<b>6</b>	Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your <b>taxable income</b> .	<b>6</b> 9,250
	<b>7</b>	Federal income tax withheld from Form(s) W-2 and 1099.	<b>7</b> 2,940
	<b>8a</b>	<b>Earned income credit (EIC)</b> (see instructions)	<b>8a</b>
	<b>8b</b>	Nontaxable combat pay election.	<b>8b</b>
	<b>9</b>	Add lines 7 and 8a. These are your <b>total payments and credits</b> .	<b>9</b> 2,940
	<b>10</b>	<b>Tax.</b> Use the amount on <b>line 6 above</b> to find your tax in the tax table in the instructions. Then, enter the tax from the table on this line.	<b>10</b> 928
	<b>11</b>	Health care: individual responsibility (see instructions) Full-year coverage <input checked="" type="checkbox"/>	<b>11</b>
<b>12</b>	Add lines 10 and 11. This is your <b>total tax</b> .	<b>12</b> 928	
<b>Refund</b>  Have it directly deposited! See instructions and fill in 13b, 13c, and 13d, or Form 8888.	<b>13a</b>	If line 9 is larger than line 12, subtract line 12 from line 9. This is your <b>refund</b> . If Form 8888 is attached, check here <input type="checkbox"/>	<b>13a</b> 2,012
	<b>b</b>	Routing number <input type="text"/>	<b>c</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	<b>d</b>	Account number <input type="text"/>	
<b>14</b>	If line 12 is larger than line 9, subtract line 9 from line 12. This is the <b>amount you owe</b> . For details on how to pay, see instructions.	<b>14</b>	
<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> <b>Yes</b> . Complete below. <input type="checkbox"/> <b>No</b>		
<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return and, to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.		
Joint return? See instructions.	Your signature	Date	Your occupation <b>Parking Attendant</b>
Keep a copy for your records.	Spouse's signature. If a joint return, <b>both</b> must sign.	Date	Spouse's occupation
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date
	Firm's name	Firm's EIN	Check <input type="checkbox"/> if self-employed
	Firm's address	Phone no.	PTIN

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see instructions.

Cat. No. 11329W

Form **1040EZ** (2016)

Comprehensive Problem 2A

Form <b>1040A</b>	Department of the Treasury—Internal Revenue Service <b>U.S. Individual Income Tax Return (99)</b>	<b>2016</b>	IRS Use Only—Do not write or staple in this space.	
Your first name and initial <b>Leon</b>		Last name <b>Lazo</b>		
If a joint return, spouse's first name and initial <b>Leslie</b>		Last name <b>Lazo</b>		
Home address (number and street). If you have a P.O. box, see instructions. <b>143 Snapdragon Drive</b>		Apt. no.		
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). <b>Reno, N V 82102</b>		Foreign country name		
Foreign province/state/county		Foreign postal code		
OMB No. 1545-0074		Your social security number <b>4 6 7   7 4   4 4 5 1</b>		
Spouse's social security number <b>4 6 6   4 7   3 3 1 1</b>		▲ Make sure the SSN(s) above and on line 6c are correct.		
Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input checked="" type="checkbox"/> You <input checked="" type="checkbox"/> Spouse				
<b>Filing status</b> Check only one box.	1 <input type="checkbox"/> Single 2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶ 4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 <input type="checkbox"/> Qualifying widow(er) with dependent child (see instructions)			
<b>Exemptions</b>	6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a.		Boxes checked on 6a and 6b No. of children on 6c who: • lived with you • did not live with you due to divorce or separation (see instructions) Dependents on 6c not entered above Add numbers on lines above ▶	
	b <input checked="" type="checkbox"/> Spouse			
If more than six dependents, see instructions.	<b>c Dependents:</b>		1	
	(1) First name	Last name		(2) Dependent's social security number
	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)		
	<b>Lyle</b>	<b>Lazo</b>		<b>552-52-5552</b>
	<b>Son</b>	<input type="checkbox"/>		<input type="checkbox"/>
d Total number of exemptions claimed.		3		
<b>Income</b>	7 Wages, salaries, tips, etc. Attach Form(s) W-2. <span style="float:right">7 50,240</span>			
<b>Attach Form(s) W-2 here. Also attach Form(s) 1099-R if tax was withheld.</b> <small>If you did not get a W-2, see instructions.</small>	8a Taxable interest. Attach Schedule B if required. <span style="float:right">8a</span>			
	8b Tax-exempt interest. Do not include on line 8a. <span style="float:right">8b</span>			
	9a Ordinary dividends. Attach Schedule B if required. <span style="float:right">9a</span>			
	9b Qualified dividends (see instructions). <span style="float:right">9b</span>			
10 Capital gain distributions (see instructions). <span style="float:right">10</span>				
11a IRA distributions. <span style="float:right">11a</span>	11b Taxable amount (see instructions). <span style="float:right">11b</span>			
12a Pensions and annuities. <span style="float:right">12a</span>	12b Taxable amount (see instructions). <span style="float:right">12b</span>			
13 Unemployment compensation and Alaska Permanent Fund dividends. <span style="float:right">13</span>				
14a Social security benefits. <span style="float:right">14a</span>	14b Taxable amount (see instructions). <span style="float:right">14b</span>			
15 Add lines 7 through 14b (far right column). This is your total income. ▶ <span style="float:right">15 50,240</span>				
<b>Adjusted gross income</b>	16 Educator expenses (see instructions). <span style="float:right">16</span>			
	17 IRA deduction (see instructions). <span style="float:right">17</span>			
	18 Student loan interest deduction (see instructions). <span style="float:right">18</span>			
	19 Tuition and fees. Attach Form 8917. <span style="float:right">19</span>			
	20 Add lines 16 through 19. These are your total adjustments. <span style="float:right">20</span>			
21 Subtract line 20 from line 15. This is your adjusted gross income. ▶ <span style="float:right">21 50,240</span>				
<b>For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.</b> Cat. No. 11327A Form <b>1040A</b> (2016)				



Comprehensive Problem 2A, cont.

Form 1040A (2016)		Page <b>2</b>		
<b>Tax, credits, and payments</b>	<b>22</b> Enter the amount from line 21 (adjusted gross income).	22	50,240	
	<b>23a</b> Check <input type="checkbox"/> You were born before January 2, 1952, <input type="checkbox"/> Blind } <b>Total boxes</b> if: <input type="checkbox"/> Spouse was born before January 2, 1952, <input type="checkbox"/> Blind } <b>checked</b> ▶ 23a <input type="checkbox"/>			
	<b>b</b> If you are married filing separately and your spouse itemizes deductions, check here ▶ 23b <input type="checkbox"/>			
<b>Standard Deduction for—</b> • People who check any box on line 23a or 23b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, \$6,300 Married filing jointly or Qualifying widow(er), \$12,600 Head of household, \$9,300	<b>24</b> Enter your <b>standard deduction</b> .	24	12,600	
	<b>25</b> Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.	25	37,640	
	<b>26 Exemptions.</b> Multiply \$4,050 by the number on line 6d.	26	12,150	
	<b>27</b> Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. <b>This is your taxable income.</b> ▶ 27	27	25,490	
	<b>28 Tax</b> , including any alternative minimum tax (see instructions).	28	2,894	
	<b>29</b> Excess advance premium tax credit repayment. Attach Form 8962.	29		
	<b>30</b> Add lines 28 and 29.	30	2,894	
	<b>31</b> Credit for child and dependent care expenses. Attach Form 2441.	31		
	<b>32</b> Credit for the elderly or the disabled. Attach Schedule R.	32		
	<b>33</b> Education credits from Form 8863, line 19.	33		
	<b>34</b> Retirement savings contributions credit. Attach Form 8880.	34		
	<b>35</b> Child tax credit. Attach Schedule 8812, if required.	35		
	<b>36</b> Add lines 31 through 35. These are your <b>total credits</b> .	36		
	<b>37</b> Subtract line 36 from line 30. If line 36 is more than line 30, enter -0-.	37	2,894	
	<b>38</b> Health care: individual responsibility (see instructions). Full-year coverage <input checked="" type="checkbox"/>	38		
<b>39</b> Add line 37 and line 38. This is your <b>total tax</b> .	39	2,894		
<b>40</b> Federal income tax withheld from Forms W-2 and 1099.	40	4,640		
<b>41</b> 2016 estimated tax payments and amount applied from 2015 return.	41			
If you have a qualifying child, attach Schedule EIC.	<b>42a Earned income credit (EIC).</b>	42a		
	<b>b</b> Nontaxable combat pay election. 42b			
	<b>43</b> Additional child tax credit. Attach Schedule 8812.	43		
	<b>44</b> American opportunity credit from Form 8863, line 8.	44		
	<b>45</b> Net premium tax credit. Attach Form 8962.	45		
<b>46</b> Add lines 40, 41, 42a, 43, 44, and 45. These are your <b>total payments</b> .	46	4,640		
<b>Refund</b>	<b>47</b> If line 46 is more than line 39, subtract line 39 from line 46. This is the amount you <b>overpaid</b> .	47	1,746	
	<b>48a</b> Amount of line 47 you want <b>refunded to you</b> . If Form 8888 is attached, check here ▶ <input type="checkbox"/> 48a	48a	1,746	
Direct deposit? See instructions and fill in 48b, 48c, and 48d or Form 8888.	<b>b</b> Routing number <input type="text"/>	<b>c</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	<b>d</b> Account number <input type="text"/>			
	<b>49</b> Amount of line 47 you want <b>applied to your 2017 estimated tax</b> .	49		
<b>Amount you owe</b>	<b>50 Amount you owe.</b> Subtract line 46 from line 39. For details on how to pay, see instructions. ▶ 50	50		
	<b>51</b> Estimated tax penalty (see instructions).	51		
<b>Third party designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> <b>Yes</b> . Complete the following. <input type="checkbox"/> <b>No</b>			
	Designee's name ▶	Phone no. ▶	Personal identification number (PIN) ▶ <input type="text"/>	
<b>Sign here</b> Joint return? See instructions. Keep a copy for your records.	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.			
	Your signature	Date	Your occupation	Daytime phone number
	Spouse's signature. If a joint return, <b>both</b> must sign.	Date	Spouse's occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <input type="text"/>
			Butcher	Homemaker
<b>Paid preparer use only</b>	Print/type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶			Firm's EIN ▶
	Firm's address ▶			Phone no.

Comprehensive Problem 2B

Form <b>1040A</b>	Department of the Treasury—Internal Revenue Service <b>U.S. Individual Income Tax Return (99)</b>	<b>2016</b>	OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.																														
Your first name and initial <b>Abigail</b>		Last name <b>Boxer</b>																															
If a joint return, spouse's first name and initial		Last name																															
Home address (number and street). If you have a P.O. box, see instructions. <b>3456 Alamo Way</b>		Apt. no.																															
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). <b>San Antonio, TX 78249</b>		Foreign country name																															
Foreign province/state/county		Foreign postal code																															
<b>Filing status</b> Check only one box.		1 <input type="checkbox"/> Single 2 <input type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶ 4 <input checked="" type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 <input type="checkbox"/> Qualifying widow(er) with dependent child (see instructions)																															
<b>Exemptions</b>		6a <input checked="" type="checkbox"/> <b>Yourself.</b> If someone can claim you as a dependent, <b>do not</b> check box 6a. b <input type="checkbox"/> Spouse c <b>Dependents:</b> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:20%;">(1) First name</th> <th style="width:20%;">Last name</th> <th style="width:20%;">(2) Dependent's social security number</th> <th style="width:20%;">(3) Dependent's relationship to you</th> <th style="width:20%;">(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)</th> </tr> </thead> <tbody> <tr> <td>Helen</td> <td>Boxer</td> <td>676-73-3312</td> <td>Daughter</td> <td><input type="checkbox"/></td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td><input type="checkbox"/></td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td><input type="checkbox"/></td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td><input type="checkbox"/></td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td><input type="checkbox"/></td> </tr> </tbody> </table>		(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)	Helen	Boxer	676-73-3312	Daughter	<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>
(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)																													
Helen	Boxer	676-73-3312	Daughter	<input type="checkbox"/>																													
				<input type="checkbox"/>																													
				<input type="checkbox"/>																													
				<input type="checkbox"/>																													
				<input type="checkbox"/>																													
If more than six dependents, see instructions.		Boxes checked on 6a and 6b: <b>1</b> No. of children on 6c who: • lived with you: <b>1</b> • did not live with you due to divorce or separation (see instructions): Dependents on 6c not entered above: Add numbers on lines above ▶ <b>2</b>																															
<b>Income</b>		d Total number of exemptions claimed.																															
<b>Attach Form(s) W-2 here. Also attach Form(s) 1099-R if tax was withheld.</b> If you did not get a W-2, see instructions.		7 Wages, salaries, tips, etc. Attach Form(s) W-2. <b>7</b> 42,620 8a Taxable interest. Attach Schedule B if required. <b>8a</b> 275 b Tax-exempt interest. Do not include on line 8a. <b>8b</b> 125 9a Ordinary dividends. Attach Schedule B if required. <b>9a</b> b Qualified dividends (see instructions). <b>9b</b> 10 Capital gain distributions (see instructions). <b>10</b> 11a IRA distributions. <b>11a</b> <b>11b</b> Taxable amount (see instructions). <b>11b</b> 12a Pensions and annuities. <b>12a</b> <b>12b</b> Taxable amount (see instructions). <b>12b</b> 13 Unemployment compensation and Alaska Permanent Fund dividends. <b>13</b> 14a Social security benefits. <b>14a</b> <b>14b</b> Taxable amount (see instructions). <b>14b</b> 15 Add lines 7 through 14b (far right column). This is your <b>total income.</b> ▶ <b>15</b> 42,895																															
<b>Adjusted gross income</b>		16 Educator expenses (see instructions). <b>16</b> 17 IRA deduction (see instructions). <b>17</b> 18 Student loan interest deduction (see instructions). <b>18</b> 19 Tuition and fees. Attach Form 8917. <b>19</b> 20 Add lines 16 through 19. These are your <b>total adjustments.</b> <b>20</b> 21 Subtract line 20 from line 15. This is your <b>adjusted gross income.</b> ▶ <b>21</b> 42,895																															
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11327A Form <b>1040A</b> (2016)																																	

Comprehensive Problem 2B, cont.

Form 1040A (2016)		Page <b>2</b>		
<b>Tax, credits, and payments</b>	<b>22</b> Enter the amount from line 21 (adjusted gross income).	22	42,895	
	<b>23a</b> Check <input type="checkbox"/> <b>You</b> were born before January 2, 1952, <input type="checkbox"/> <b>Blind</b> } <b>Total boxes</b> if: <input type="checkbox"/> <b>Spouse</b> was born before January 2, 1952, <input type="checkbox"/> <b>Blind</b> } <b>checked</b> ▶ 23a <input type="checkbox"/>			
	<b>b</b> If you are married filing separately and your spouse itemizes deductions, check here ▶ 23b <input type="checkbox"/>			
	<b>24</b> Enter your <b>standard deduction</b> .	24	9,300	
	<b>25</b> Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.	25	33,595	
	<b>26 Exemptions.</b> Multiply \$4,050 by the number on line 6d.	26	8,100	
	<b>27</b> Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. <b>This is your taxable income.</b> ▶ 27	27	25,495	
	<b>28 Tax</b> , including any alternative minimum tax (see instructions).	28	3,159	
	<b>29</b> Excess advance premium tax credit repayment. Attach Form 8962.	29		
	<b>30</b> Add lines 28 and 29.	30	3,159	
<b>31</b> Credit for child and dependent care expenses. Attach Form 2441.	31			
<b>32</b> Credit for the elderly or the disabled. Attach Schedule R.	32			
<b>33</b> Education credits from Form 8863, line 19.	33			
<b>34</b> Retirement savings contributions credit. Attach Form 8880.	34			
<b>35</b> Child tax credit. Attach Schedule 8812, if required.	35			
<b>36</b> Add lines 31 through 35. These are your <b>total credits</b> .	36			
<b>37</b> Subtract line 36 from line 30. If line 36 is more than line 30, enter -0-.	37			
<b>38</b> Health care: individual responsibility (see instructions). Full-year coverage <input checked="" type="checkbox"/>	38			
<b>39</b> Add line 37 and line 38. This is your <b>total tax</b> .	39	3,159		
<b>40</b> Federal income tax withheld from Forms W-2 and 1099.	40	4,300		
<b>41</b> 2016 estimated tax payments and amount applied from 2015 return.	41			
<b>42a Earned income credit (EIC).</b>	42a			
<b>b</b> Nontaxable combat pay election. 42b				
<b>43</b> Additional child tax credit. Attach Schedule 8812.	43			
<b>44</b> American opportunity credit from Form 8863, line 8.	44			
<b>45</b> Net premium tax credit. Attach Form 8962.	45			
<b>46</b> Add lines 40, 41, 42a, 43, 44, and 45. These are your <b>total payments</b> .	46	4,300		
<b>47</b> If line 46 is more than line 39, subtract line 39 from line 46. <b>This is the amount you overpaid.</b>	47	1,141		
<b>48a</b> Amount of line 47 you want <b>refunded to you</b> . If Form 8888 is attached, check here ▶ <input type="checkbox"/> 48a	48a	1,141		
▶ <b>b</b> Routing number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> ▶ <b>c</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings				
▶ <b>d</b> Account number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>				
<b>49</b> Amount of line 47 you want <b>applied to your 2017 estimated tax</b> .	49			
<b>50 Amount you owe.</b> Subtract line 46 from line 39. For details on how to pay, see instructions.	50			
<b>51</b> Estimated tax penalty (see instructions).	51			
<b>Third party designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> <b>Yes</b> . Complete the following. <input type="checkbox"/> <b>No</b>			
Designee's name ▶	Phone no. ▶	Personal identification number (PIN) ▶ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
<b>Sign here</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.			
Joint return? <input type="checkbox"/> See instructions. Keep a copy for your records.	Your signature	Date		
	Your occupation <b>Accountant</b>	Daytime phone number		
	Spouse's signature. If a joint return, <b>both</b> must sign.	Date		
	Spouse's occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
<b>Paid preparer use only</b>	Print/type preparer's name	Preparer's signature		
	Firm's name ▶	Date		
	Firm's address ▶	Check <input type="checkbox"/> if self-employed PTIN		
		Firm's EIN ▶		
		Phone no.		

## Key Number Tax Return Summary

### Chapter 1

#### Comprehensive Problem 1

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

#### Comprehensive Problem 2A

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

#### Comprehensive Problem 2B

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