

**SOLUTIONS FOR
QUESTIONS AND PROBLEMS**

CHAPTER 1

THE INDIVIDUAL INCOME TAX RETURN

Group 1 – Multiple Choice Questions

- | | | |
|---|--|---|
| 1. D (LO 1.1) | 9. C (LO 1.5) | 18. A (LO 1.8) |
| 2. A (LO 1.1) | 10. D (LO 1.5) | 19. E $\$25,000 = \$280,000 -$
$(\$290,000 - \$35,000)$ (LO 1.8) |
| 3. D (LO 1.2) | 11. E (LO 1.6) | 20. B $\$44,000 = \$47,000 -$
$\$3,000$ (LO 1.8) |
| 4. B (LO 1.2) | 12. A Because the daughter's in-
come exceeds \$4,050. (LO 1.6) | 21. B (LO 1.9) |
| 5. C (LO 1.3) | 13. C (LO 1.6) | 22. C (LO 1.9) |
| 6. B (LO 1.3) | 14. B (LO 1.6) | 23. B (LO 1.10) |
| 7. A $\$98,000 - \$19,000 -$
$\$4,050 = \$74,950$ (LO 1.4) | 15. B (LO 1.7) | 24. A (LO 1.10) |
| 8. C $\$6,350 + \$4,050 = \$10,400$
(LO 1.4) | 16. B (LO 1.7) | 25. D (LO 1.11) |
| | 17. D (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. $\$12,700$, the greater of itemized deductions or the standard deduction of \$12,700.
c. $\$15,900 = \$36,700 - \$12,700 - (2 \times \$4,050)$. (LO 1.3)
3. a. $\$24,000$.
b. $\$6,350$, the greater of total itemized deductions or the standard deduction amount.
c. $\$13,600 = \$24,000 - \$6,350 - \$4,050$. (LO 1.3)
4. a. $\$52,300 = \$53,300 + \$1,600 + \$400 - \$3,000$ (\$7,000 capital loss limited to \$3,000)
b. $\$6,350$
c. $\$4,050$
d. $\$41,900 = \$52,300 - \$6,350 - \$4,050$. (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. $\$12,700$, the greater of itemized deductions or the standard deduction of \$12,700.
c. $\$27,930 = \$48,730 - \$12,700 - (2 \times \$4,050)$.
d. $\$3,256$ (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	<u>-4,050</u>
Taxable income	<u>\$11,100</u>

Ulysses' tax liability from the Tax Table is **\$1,203**. 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	-6,350
Exemption	-4,050
Taxable income	<u>\$4,250</u>

(LO 1.3, 1.5, 1.6, and 1.7)

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

9. a. **\$35,900** = \$46,300 – \$6,350 – \$4,050.
 b. Taxpayers with income up to \$100,000 must use the tax tables.
 c. **\$4,923**. (LO 1.3, 1.5, 1.6, and 1.7)
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 \$12,700.
 d. 5. Two personal and three dependency exemptions.
 e. **\$30,975** = \$64,425 – \$13,200 – \$20,250 (5 x \$4,050).
 f. **\$3,714** (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. **\$67,600** = \$88,500 – \$12,800 – \$8,100. (LO 1.3, 1.5, 1.6, and 1.7)
12. Taxable income is: **\$30,350** = \$40,750 – \$6,350 – \$4,050. Tax liability from the tax tables not the tax rate schedules: **\$4,090**. (LO 1.3, 1.5, 1.6, and 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 \$6,350 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 \$22,050, the total of personal exemptions (2 x \$4,050) and the standard deduction (\$12,700 + \$1,250 (over 65 years old)).
 d. No. Gross income is less than \$20,800, 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 **\$2,688**.
 Boyd **\$3,213**.
 Caldwell **\$4,434**.
 Dell **\$3,454**.
 Evans **\$6,995**. (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. **\$17,727.50** = \$10,452.50 + 25% x (\$105,000 – \$75,900). (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 and has a 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 or a resident of the U.S., Canada, or Mexico. (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 expenses, 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 | <u>200,000</u> |
| | 40,000 |
| Investment income | <u>90,000</u> |
| 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. \$600 or more at a horse track (if that is 300 times your bet), \$1,200 or more at a slot machine or bingo game, and \$5,000 or more in poker tournament winnings. (LO 1.10)

Group 3 – Writing Assignments

1. Research Solution:

Whittenburg and Gill, 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 earns 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 and Gill, 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 2017. 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 2017 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 jointly or married filing separately. In order to file as 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 as 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 and Gill, 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

Department of the Treasury—Internal Revenue Service				
Form 1040EZ	Income Tax Return for Single and Joint Filers With No Dependents (99)	2017	OMB No. 1545-0074	
Your first name and initial Patty		Last name Banyan		
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. 543 Space Drive		Apt. no.	Your social security number 466 33 1234	
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Houston, TX 77099		Spouse's social security number		
Foreign country name		Foreign province/state/county	Foreign postal code	
		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 type="checkbox"/> Spouse		
Income Attach Form(s) W-2 here. Enclose, but do not attach, any payment.	1	Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.	1	19,600
	2	Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.	2	
	3	Unemployment compensation and Alaska Permanent Fund dividends (see instructions).	3	
	4	Add lines 1, 2, and 3. This is your adjusted gross income .	4	19,600
	5	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"/> You <input type="checkbox"/> Spouse If no one can claim you (or your spouse if a joint return), enter \$10,400 if single ; \$20,800 if married filing jointly . See back for explanation.	5	10,400
	6	Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your taxable income .	6	9,200
	7	Federal income tax withheld from Form(s) W-2 and 1099.	7	2,940
	8a	Earned income credit (EIC) (see instructions)	8a	
	8b	Nontaxable combat pay election.	8b	
	9	Add lines 7 and 8a. These are your total payments and credits .	9	2,940
	10	Tax. Use the amount on line 6 above to find your tax in the tax table in the instructions. Then, enter the tax from the table on this line.	10	923
	11	Health care: individual responsibility (see instructions) Full-year coverage <input checked="" type="checkbox"/>	11	
12	Add lines 10 and 11. This is your total tax .	12	923	
Refund Have it directly deposited! See instructions and fill in 13b, 13c, and 13d, or Form 8888.	13a	If line 9 is larger than line 12, subtract line 12 from line 9. This is your refund . If Form 8888 is attached, check here <input type="checkbox"/>	13a	2,017
	b	Routing number <input type="text"/>	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number <input type="text"/>			
Amount You Owe	14	If line 12 is larger than line 9, subtract line 9 from line 12. This is the amount you owe . For details on how to pay, see instructions.	14	
Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No			
Sign Here	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 Parking Attendant	
Keep a copy for your records.	Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	
Paid Preparer Use Only	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	

Comprehensive Problem 2A

Form 1040A		Department of the Treasury—Internal Revenue Service U.S. Individual Income Tax Return (99)		2017		OMB No. 1545-0074	
Your first name and initial Leon		Last name Lazo		Your social security number 4 6 7 7 4 4 4 5 1		▲ Make sure the SSN(s) above and on line 6c are correct.	
If a joint return, spouse's first name and initial Leslie		Last name Lazo		Spouse's social security number 4 6 6 4 7 3 3 1 1		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	
Home address (number and street). If you have a P.O. box, see instructions. 143 Snapdragon Drive				Apt. no.			
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Reno, N V 82102				Foreign country name		Foreign province/state/county	
Foreign postal code		Foreign province/state/county		Foreign postal code			
Filing status 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) (see instructions)			
Exemptions		6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a.		b <input checked="" type="checkbox"/> Spouse		Boxes checked on 6a and 6b 2	
If more than six dependents, see instructions.		c Dependents:		(2) Dependent's social security number		(3) Dependent's relationship to you	
		(1) First name Last name		(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)		No. of children on 6c who: • lived with you 1 • did not live with you due to divorce or separation (see instructions)	
		Lyle Lazo		552-52-5552		Son	
						Dependents on 6c not entered above	
						Add numbers on lines above ▶ 3	
		d Total number of exemptions claimed.					
Income		7 Wages, salaries, tips, etc. Attach Form(s) W-2.		7		50,430	
Attach Form(s) W-2 here. Also attach Form(s) 1099-R if tax was withheld.		8a Taxable interest. Attach Schedule B if required.		8a			
If you did not get a W-2, see instructions.		b Tax-exempt interest. Do not include on line 8a.		8b			
		9a Ordinary dividends. Attach Schedule B if required.		9a			
		b Qualified dividends (see instructions).		9b			
		10 Capital gain distributions (see instructions).		10			
		11a IRA distributions.		11a		11b Taxable amount (see instructions).	
		12a Pensions and annuities.		12a		12b Taxable amount (see instructions).	
		13 Unemployment compensation and Alaska Permanent Fund dividends.		13			
		14a Social security benefits.		14a		14b Taxable amount (see instructions).	
		15 Add lines 7 through 14b (far right column). This is your total income. ▶		15		50,430	
Adjusted gross income		16 Educator expenses (see instructions).		16			
		17 IRA deduction (see instructions).		17			
		18 Student loan interest deduction (see instructions).		18			
		19 Reserved for future use.		19			
		20 Add lines 16 through 19. These are your total adjustments.		20			
		21 Subtract line 20 from line 15. This is your adjusted gross income. ▶		21		50,430	

Comprehensive Problem 2A, cont.

Form 1040A (2017)		Page 2		
Tax, credits, and payments	22 Enter the amount from line 21 (adjusted gross income).	22	50,430	
	23a Check <input type="checkbox"/> You were born before January 2, 1953, <input type="checkbox"/> Blind } Total boxes if: <input type="checkbox"/> Spouse was born before January 2, 1953, <input type="checkbox"/> Blind } checked ▶ 23a <input type="checkbox"/>			
	b If you are married filing separately and your spouse itemizes deductions, check here ▶ 23b <input type="checkbox"/>			
Standard Deduction for— • 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, \$6,350 Married filing jointly or Qualifying widow(er), \$12,700 Head of household, \$9,350	24 Enter your standard deduction .	24	12,700	
	25 Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.	25	37,730	
	26 Exemptions. Multiply \$4,050 by the number on line 6d.	26	12,150	
	27 Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. This is your taxable income .	▶ 27	25,580	
	28 Tax , including any alternative minimum tax (see instructions).	28	2,904	
	29 Excess advance premium tax credit repayment. Attach Form 8962.	29		
	30 Add lines 28 and 29.	30	2,904	
	31 Credit for child and dependent care expenses. Attach Form 2441.	31		
	32 Credit for the elderly or the disabled. Attach Schedule R.	32		
	33 Education credits from Form 8863, line 19.	33		
	34 Retirement savings contributions credit. Attach Form 8880.	34		
	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, enter -0-.	37	2,904	
	38 Health care: individual responsibility (see instructions). Full-year coverage <input checked="" type="checkbox"/>	38		
39 Add line 37 and line 38. This is your total tax .	39	2,904		
If you have a qualifying child, attach Schedule EIC.	40 Federal income tax withheld from Forms W-2 and 1099.	40	4,540	
	41 2017 estimated tax payments and amount applied from 2016 return.	41		
	42a Earned income credit (EIC).	42a		
	b Nontaxable combat pay election. 42b			
	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 payments .	▶ 46	4,540	
	Refund	47 If line 46 is more than line 39, subtract line 39 from line 46. This is the amount you overpaid .	47	1,636
		48a Amount of line 47 you want refunded to you . If Form 8888 is attached, check here ▶ <input type="checkbox"/> 48a	▶ 48a	1,636
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"/> ▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings				
d 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"/>				
49 Amount of line 47 you want applied to your 2018 estimated tax .	49			
Amount you owe	50 Amount you owe. Subtract line 46 from line 39. For details on how to pay, see instructions.	▶ 50		
	51 Estimated tax penalty (see instructions).	51		
Third party designee	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes . Complete the following. <input type="checkbox"/> No			
	Designee's name ▶ <input type="text"/>	Phone no. ▶ <input type="text"/>	Personal identification number (PIN) ▶ <input type="text"/>	
Sign here 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
	<input type="text"/>	<input type="text"/>	Butcher	<input type="text"/>
	Spouse's signature. If a joint return, both 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"/>	Homemaker	<input type="text"/>	
Paid preparer use only	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 1040A	Department of the Treasury—Internal Revenue Service U.S. Individual Income Tax Return (99)		2017	OMB No. 1545-0074
Your first name and initial Abigail			Last name Boxer	Your social security number 676 73 3311
If a joint return, spouse's first name and initial			Last name	Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions. 3456 Alamo Way			Apt. no.	▲ Make sure the SSN(s) above and on line 6c are correct.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). San Antonio, TX 78249			Foreign country name	Foreign province/state/county
			Foreign postal code	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 type="checkbox"/> You <input type="checkbox"/> Spouse
Filing status 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) (see instructions)			
Exemptions	6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a. b <input type="checkbox"/> Spouse c Dependents:			
If more than six dependents, see instructions.	(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you
	Helen	Boxer	676-73-3312	Daughter
	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)			Boxes checked on 6a and 6b No. of children on 6c who: • lived with you 1 • did not live with you due to divorce or separation (see instructions) Dependents on 6c not entered above Add numbers on lines above ▶ 2
d Total number of exemptions claimed.				
Income	7 Wages, salaries, tips, etc. Attach Form(s) W-2. 7 42,780 8a Taxable interest. Attach Schedule B if required. 8a 280 b Tax-exempt interest. Do not include on line 8a. 8b 125 9a Ordinary dividends. Attach Schedule B if required. 9a b Qualified dividends (see instructions). 9b 10 Capital gain distributions (see instructions). 10 11a IRA distributions. 11a 11b Taxable amount (see instructions). 11b 12a Pensions and annuities. 12a 12b Taxable amount (see instructions). 12b 13 Unemployment compensation and Alaska Permanent Fund dividends. 13 14a Social security benefits. 14a 14b Taxable amount (see instructions). 14b 15 Add lines 7 through 14b (far right column). This is your total income . ▶ 15 43,060			
Adjusted gross income	16 Educator expenses (see instructions). 16 17 IRA deduction (see instructions). 17 18 Student loan interest deduction (see instructions). 18 19 Reserved for future use. 19 20 Add lines 16 through 19. These are your total adjustments . 20 21 Subtract line 20 from line 15. This is your adjusted gross income . ▶ 21 43,060			

Comprehensive Problem 2B, cont.

Form 1040A (2017)		Page 2		
Tax, credits, and payments	22 Enter the amount from line 21 (adjusted gross income).	22	43,060	
	23a Check <input type="checkbox"/> You were born before January 2, 1953, <input type="checkbox"/> Blind } Total boxes if: <input type="checkbox"/> Spouse was born before January 2, 1953, <input type="checkbox"/> Blind } checked ▶ 23a <input type="checkbox"/>			
	b If you are married filing separately and your spouse itemizes deductions, check here ▶ 23b <input type="checkbox"/>			
Standard Deduction for— • 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, \$6,350 Married filing jointly or Qualifying widow(er), \$12,700 Head of household, \$9,350	24 Enter your standard deduction .	24	9,350	
	25 Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.	25	33,710	
	26 Exemptions. Multiply \$4,050 by the number on line 6d.	26	8,100	
	27 Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-.	27	25,610	
	This is your taxable income. ▶			
	28 Tax , including any alternative minimum tax (see instructions).	28	3,176	
	29 Excess advance premium tax credit repayment. Attach Form 8962.	29		
	30 Add lines 28 and 29.	30	3,176	
	31 Credit for child and dependent care expenses. Attach Form 2441.	31		
	32 Credit for the elderly or the disabled. Attach Schedule R.	32		
	33 Education credits from Form 8863, line 19.	33		
	34 Retirement savings contributions credit. Attach Form 8880.	34		
	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, enter -0-.	37			
38 Health care: individual responsibility (see instructions). Full-year coverage <input checked="" type="checkbox"/>	38			
39 Add line 37 and line 38. This is your total tax .	39	3,176		
If you have a qualifying child, attach Schedule EIC.	40 Federal income tax withheld from Forms W-2 and 1099.	40	4,250	
	41 2017 estimated tax payments and amount applied from 2016 return.	41		
	42a Earned income credit (EIC).	42a		
	b Nontaxable combat pay election. 42b			
	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 payments .	46	4,250	
	47 If line 46 is more than line 39, subtract line 39 from line 46. This is the amount you overpaid .	47	1,074	
	Direct deposit? See instructions and fill in 48b, 48c, and 48d or Form 8888.	48a Amount of line 47 you want refunded to you . If Form 8888 is attached, check here ▶ <input type="checkbox"/>	48a	1,074
▶ b Routing number <input style="width: 100px; border: none; border-bottom: 1px solid black;" type="text"/> ▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings				
▶ d Account number <input style="width: 150px; border: none; border-bottom: 1px solid black;" type="text"/>				
49 Amount of line 47 you want applied to your 2018 estimated tax .		49		
Amount you owe	50 Amount you owe. Subtract line 46 from line 39. For details on how to pay, see instructions.	50		
	51 Estimated tax penalty (see instructions).	51		
Third party designee	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes . Complete the following. <input type="checkbox"/> No			
	Designee's name ▶ <input style="width: 150px; border: none; border-bottom: 1px solid black;" type="text"/>	Phone no. ▶ <input style="width: 50px; border: none; border-bottom: 1px solid black;" type="text"/>	Personal identification number (PIN) ▶ <input style="width: 50px; border: none; border-bottom: 1px solid black;" type="text"/>	
Sign here 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 <input style="width: 150px; border: none; border-bottom: 1px solid black;" type="text"/>	Date <input style="width: 50px; border: none; border-bottom: 1px solid black;" type="text"/>	Your occupation Accountant	Daytime phone number <input style="width: 50px; border: none; border-bottom: 1px solid black;" type="text"/>
	Spouse's signature. If a joint return, both must sign. <input style="width: 150px; border: none; border-bottom: 1px solid black;" type="text"/>	Date <input style="width: 50px; border: none; border-bottom: 1px solid black;" type="text"/>	Spouse's occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <input style="width: 50px; border: none; border-bottom: 1px solid black;" type="text"/>
	Print/Type preparer's name <input style="width: 150px; border: none; border-bottom: 1px solid black;" type="text"/>	Preparer's signature <input style="width: 150px; border: none; border-bottom: 1px solid black;" type="text"/>	Date <input style="width: 50px; border: none; border-bottom: 1px solid black;" type="text"/>	Check <input type="checkbox"/> if self-employed PTIN <input style="width: 50px; border: none; border-bottom: 1px solid black;" type="text"/>
Firm's name ▶ <input style="width: 150px; border: none; border-bottom: 1px solid black;" type="text"/>	Firm's EIN ▶ <input style="width: 50px; border: none; border-bottom: 1px solid black;" type="text"/>		Phone no. <input style="width: 50px; border: none; border-bottom: 1px solid black;" type="text"/>	
Firm's address ▶ <input style="width: 150px; border: none; border-bottom: 1px solid black;" type="text"/>				

Key Number Tax Return Summary**Chapter 1****Comprehensive Problem 1**

Adjusted Gross Income (Line 4)	<u>19,600</u>
Taxable Income (Line 6)	<u>9,200</u>
Total Tax (Line 12)	<u>923</u>
Tax Refund (Line 13a)	<u>2,017</u>

Comprehensive Problem 2A

Adjusted Gross Income (Line 21)	<u>50,430</u>
Standard Deduction (Line 24)	<u>12,700</u>
Exemptions (Line 26)	<u>12,150</u>
Total Tax (Line 39)	<u>2,904</u>
Amount Overpaid (Line 47)	<u>1,636</u>

Comprehensive Problem 2B

Adjusted Gross Income (Line 21)	<u>43,060</u>
Standard Deduction (Line 24)	<u>9,350</u>
Exemptions (Line 26)	<u>8,100</u>
Total Tax (Line 39)	<u>3,176</u>
Amount Overpaid (Line 47)	<u>1,074</u>