Homework Solutions

Chapter 1

Chapter 1 Homework 1

HOMEWORK 1: Use the appropriate Filing Requirement Table to determine who has to file. Yes or No.

1. Ed's filing status is single and in 2013 he was 54 years old. His gross income was $9,650 and he has withholding of $450.
2. Jane's filing status is qualifying widow(er) with dependent child. She was 42 years old in 2013 and her gross income was $15,300.
3. Dick and Sally are filing a married filing jointly tax return. Dick was 68 and Sally was 61 years old in 2013. Their gross income was $22, 270.
4. Sam's filing status is head of household. He was 29 years old in 2013 and his gross income was $13, 050
5. Terry (single, age 17 in 2013) is claimed as a dependent by her parents. Her wages were $6,000 and she had no other income.
6. Rufus (age 60 in 2013) is single and his son can claim him as a dependent. His only income was $2,400 in bank interest.

Chapter 1 Homework 1

1. Ed's filing status is single and in 2013 he was 54 years old. His gross income was $9,650 and he has withholding of $450. **NO**
2. Jane's filing status is qualifying widow(er) with dependent child. She was 42 years old in 2013 and her gross income was $15,300. **NO**
3. Dick and Sally are filing a married filing jointly tax return. Dick was 68 and Sally was 61 years old in 2013. Their gross income was $22, 270. **YES**
4. Sam's filing status is head of household. He was 29 years old in 2013 and his gross income was $13,050 **YES**
5. Terry (single, age 17 in 2013) is claimed as a dependent by her parents. Her wages were $6,000 and she had no other income. **NO**
6. Rufus (age 60 in 2013) is single and his son can claim him as a dependent. His only income was $2,400 in bank interest. **YES**

Chapter 1 Homework 1

HOMEWORK 1: Use the appropriate Filing Requirement Table to determine who has to file. Yes or No.

7. Sonia (age 67 in 2013) is single, received nontaxable social security of $9,000 and made $750 net from selling Christmas ornaments at craft shows.
8. Barbara (single, age 16 in 2013) can be claimed by her parents as a dependent. In 2013, Barbara earned wages of $680 as a dishwasher and $620 from her job as a clerk. She also had a savings account, which earned interest of $300.
9. Barry (single, age 17 in 2013) can be claimed by his parents as a dependent. In 2013, Barry earned wages of $5,800 working at a fast food restaurant and he had no other income.
10. Jackie was married in 2013 but chose the filing status married filing a separate return. In 2013, she had a gross income of $3,950.
11. Len and Marge (ages 69 and 70 in 2013) will file married filing jointly. Len received wages of $10,800 and Marge received a taxable pension of $9,300. They had a joint bank account, which paid them interest of $2,000 and Marge received $2,500 social security.
12. Lorna (age 23 in 2013) is married but can be claimed as a dependent by her parents. Her earned income (wages) in 2013 was $6,110.

Chapter 1 Homework 1

7. Sonia (age 67 in 2013) is single, received nontaxable social security of $9,000 and made $750 net from selling Christmas ornaments at craft shows. **YES**
8. Barbara (single, age 16 in 2013) can be claimed by her parents as a dependent. In 2013, Barbara earned wages of $680 as a dishwasher and $620 from her job as a clerk. She also had a savings account, which earned interest of $300. **NO**
9. Barry (single, age 17 in 2013) can be claimed by his parents as a dependent. In 2013, Barry earned wages of $5,800 working at a fast food restaurant and he had no other income. **NO**
10. Jackie was married in 2013 but chose the filing status married filing a separate return. In 2013, she had a gross income of $3,950. **YES**
11. Len and Marge (ages 69 and 70 in 2013) will file married filing jointly. Len received wages of $10,800 and Marge received a taxable pension of $9,300. They had a joint bank account, which paid them interest of $2,000 and Marge received $2,500 social security. **NO**
12. Lorna (age 23 in 2013) is married but can be claimed as a dependent by her parents. Her earned income (wages) in 2013 was $6,110. **YES**

Chapter 1 Homework 2

HOMEWORK 2: None of the following taxpayers can be claimed as a dependent. What is the gross income level at which each must file a return?

(1) Married (living together), joint return, both age 65 in 2013.

(2) Married (living together), joint return, both age 63 in 2013.

(3) Head of household, age 65 in 2013.

(4) Qualifying Widow(er) with dependent child, age 64 in 2013.

(5) Single, age 23 in 2013.

(6) Married, separate return, age 65 in 2013.

(7) Single, turned age 65 on January 1, 2014.

(8) Married (living together), joint return, one spouse age 67 and one spouse age 58 in 2013.

(9) Head of household, age 19 in 2013.

(10) Single, age 87 in 2013.

Chapter 1 Homework 2

(1) Married (living together), joint return, both age 65 in 2013. **$22,400**

(2) Married (living together), joint return, both age 63 in 2013. **$20,000**

(3) Head of household, age 65 in 2013. **$14,350**

(4) Qualifying Widow(er) with dependent child, age 64 in 2013. **$16,100**

(5) Single, age 23 in 2013. **$10,000**

(6) Married, separate return, age 65 in 2013. **$3,900**

(7) Single, turned age 65 on January 1, 2014. **$11,500**

(8) Married (living together), joint return, one spouse age 67 and one spouse age 58 in 2013. **$21,200**

(9) Head of household, age 19 in 2013. **$12,850**

(10) Single, age 87 in 2013. **$11,500**

Questions & Answers

Chapter 1 Homework 3

HOMEWORK 3:

Joshua S. Scott, (344-55-6677, born 3/16/1964) is single and lives at 1566 Piney Road, Mason City, IA 50401. He is a steel worker and his Form W-2 follows. He has no other income. Prepare a 2013 return for him.

	a Employee's social security number 344-55-6677	OMB No. 1545-0008	Safe, accurate, FAST! Use IRS e-file. Visit the IRS website at *www.irs.gov/efile*
b Employer identification number (EIN) 44-8855443		1 Wages, tips, other compensation 35,000.00	2 Federal income tax withheld 4,775.00
c Employer's name, address, and ZIP code ACE CONSTRUCTION 43 MAIN STREET MASON CITY, IA 50401		3 Social security wages 35,000.00	4 Social security tax withheld 2,170.00
		5 Medicare wages and tips 35,000.00	6 Medicare tax withheld 507.50
		7 Social security tips	8 Allocated tips
d Control number		9	10 Dependent care benefits
e Employee's first name and initial / Last name / Suff. JOSHUA S. SCOTT 1566 PINEY ROAD MASON CITY, IA 50401		11 Nonqualified plans	12a See instructions for box 12
		13 Statutory employee / Retirement plan / Third-party sick pay	12b
		14 Other	12c
f Employee's address and ZIP code			12d

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
IA	448855443	35,000.00	1,375.00			

Form **W-2** Wage and Tax Statement **2013**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

Homework 3

CHAPTER 1 HOMEWORK 3

Form **1040** Department of the Treasury—Internal Revenue Service (99)
U.S. Individual Income Tax Return **2013** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2013, or other tax year beginning , 2013, ending , 20 See separate instructions.

Your first name and initial	Last name	Your social security number
JOSHUA S	SCOTT	344-55-6677
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.	Apt. no.	▲ Make sure the SSN(s) above and on line 6c are correct.
1566 PINEY RD		

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).
Mason City, IA 50401

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. ☐ You ☐ Spouse

Filing Status

Check only one box.

1 [X] Single
2 ☐ Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶
4 ☐ 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 ☐ Qualifying widow(er) with dependent child

Exemptions

6a [X] **Yourself.** If someone can claim you as a dependent, **do not** check box 6a
b ☐ **Spouse**

Boxes checked on 6a and 6b: 1

c **Dependents:**

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if child under age 17 qualifying for child tax credit (see instructions)

If more than four dependents, see instructions and check here ▶ ☐

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

d Total number of exemptions claimed

Add numbers on lines above ▶ 1

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not

7	Wages, salaries, tips, etc. Attach Form(s) W-2		7	35,000.
8a	**Taxable** interest. Attach Schedule B if required		8a	
b	**Tax-exempt** interest. **Do not** include on line 8a	8b		
9a	Ordinary dividends. Attach Schedule B if required		9a	
b	Qualified dividends	9b		
10	Taxable refunds, credits, or offsets of state and local income taxes		10	
11	Alimony received		11	
12	Business income or (loss). Attach Schedule C or C-EZ		12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐		13	
14	Other gains or (losses). Attach Form 4797		14	

get a W-2, see instructions.

15a	IRA distributions	15a	b Taxable amount	15b	
16a	Pensions and annuities	16a	b Taxable amount	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E			17	
18	Farm income or (loss). Attach Schedule F			18	
19	Unemployment compensation			19	
20a	Social security benefits	20a	b Taxable amount	20b	
21	Other income. List type and amount			21	
22	Combine the amounts in the far right column for lines 7 through 21. This is your **total income** ▶			22	35,000.

Adjusted Gross Income

23	Educator expenses	23			
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24			
25	Health savings account deduction. Attach Form 8889	25			
26	Moving expenses. Attach Form 3903	26			
27	Deductible part of self-employment tax. Attach Schedule SE	27			
28	Self-employed SEP, SIMPLE, and qualified plans	28			
29	Self-employed health insurance deduction	29			
30	Penalty on early withdrawal of savings	30			
31a	Alimony paid b Recipient's SSN ▶	31a			
32	IRA deduction	32			
33	Student loan interest deduction	33			
34	Tuition and fees. Attach Form 8917	34			
35	Domestic production activities deduction. Attach Form 8903	35			
36	Add lines 23 through 35			36	
37	Subtract line 36 from line 22. This is your **adjusted gross income** ▶			37	35,000.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form **1040** (2013)

CHAPTER 1 HOMEWORK 3

Form 1040 (2013) JOSHUA S SCOTT 344-55-6677 Page **2**

Tax and Credits

38	Amount from line 37 (adjusted gross income)		38	35,000.
39a	Check if: ☐ **You** were born before January 2, 1949, ☐ Blind. ☐ **Spouse** was born before January 2, 1949, ☐ Blind. **Total boxes checked** ▶ 39a ☐			
b	If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b ☐			
40	**Itemized deductions** (from Schedule A) **or** your **standard deduction** (see left margin)		40	6,100.
41	Subtract line 40 from line 38		41	28,900.
42	**Exemptions.** If line 38 is $150,000 or less, multiply $3,900 by the number on line 6d. Otherwise, see instructions		42	3,900.
43	**Taxable income.** Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		43	25,000.
44	**Tax** (see instructions). Check if any from: a ☐ Form(s) 8814 b ☐ Form 4972 c ☐		44	3,308.
45	**Alternative minimum tax** (see instructions). Attach Form 6251		45	
46	Add lines 44 and 45 ▶		46	3,308.
47	Foreign tax credit. Attach Form 1116 if required	47		
48	Credit for child and dependent care expenses. Attach Form 2441	48		
49	Education credits from Form 8863, line 19	49		
50	Retirement savings contributions credit. Attach Form 8880	50		
51	Child tax credit. Attach Schedule 8812, if required	51		
52	Residential energy credits. Attach Form 5695	52		
53	Other credits from Form: a ☐ 3800 b ☐ 8801 c ☐	53		
54	Add lines 47 through 53. These are your **total credits**		54	0.
55	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0- ▶		55	3,308.

Standard Deduction for—
- People who check any box on line 39a or 39b **or** who can be claimed as a dependent, see instructions.
- All others:

Single or Married filing separately, $6,100

Married filing jointly or Qualifying widow(er), $12,200

Head of household, $8,950

Other Taxes

56	Self-employment tax. Attach Schedule SE	56	
57	Unreported social security and Medicare tax from Form: a ☐ 4137 b ☐ 8919	57	
58	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	58	
59a	Household employment taxes from Schedule H	59a	
b	First-time homebuyer credit repayment. Attach Form 5405 if required	59b	
60	Taxes from: a ☐ Form 8959 b ☐ Form 8960 ☐ c Instructions; enter code(s)	60	
61	Add lines 55 through 60. This is your **total tax** ▶	61	3,308.

Payments

If you have a qualifying child, attach Schedule EIC.

62	Federal income tax withheld from Forms W-2 and 1099	62	4,775.		
63	2013 estimated tax payments and amount applied from 2012 return	63			
64a	**Earned income credit (EIC)**	64a			
b	Nontaxable combat pay election — 64b				
65	Additional child tax credit. Attach Schedule 8812	65			
66	American opportunity credit from Form 8863, line 8	66			
67	Reserved	67			
68	Amount paid with request for extension to file	68			
69	Excess social security and tier 1 RRTA tax withheld	69			
70	Credit for federal tax on fuels. Attach Form 4136	70			
71	Credits from Form: a ☐ 2439 b ☐ Reserved c ☐ 8885 d ☐	71			
72	Add lines 62, 63, 64a, and 65 through 71. These are your **total payments** ▶			72	4,775.

Refund

73	If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you **overpaid**	73	1,467.
74a	Amount of line 73 you want **refunded to you.** If Form 8888 is attached, check here ▶ ☐	74a	1,467.

Direct deposit? See instructions.

▶ b Routing number XXXXXXXXX ▶ c Type: ☐ Checking ☐ Savings

▶ d Account number XXXXXXXXXXXXXXXXX

75 Amount of line 73 you want **applied to your 2014 estimated tax** ▶ 75

Amount You Owe

76	**Amount you owe.** Subtract line 72 from line 61. For details on how to pay, see instructions ▶	76	0.
77	Estimated tax penalty (see instructions)	77	

(757)

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☐ **Yes.** Completebelow. ☐ **No**

Designee's name ▶ Phone no. ▶ Personal identification number (PIN) ▶

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 complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
		STEEL WORKER	
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.)

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Form **1040** (2013)

Questions & Answers