Homework Solutions

Chapter 5

HOMEWORK 1:

Frank S. (SSN 061-38-2625, born 11/9/1977) and Karen C. Walt (SSN 078-41-4662, born 4/28/1982) are married filing a joint return and live at 6 Red Fox Parkway, Hialeah, FL 33002. Last year they filed a joint return and did not itemize their deductions.

Frank is a greenhouse engineer and Karen is an executive assistant. They have two children, Kara (SSN 031-42-3800, born 8/3/2002) and Abigail (SSN 092-46-5921, born 2/1/2007) Walt, and both are qualifying children for the child tax credit.

Complete the front page of Form 1040, line 62, and Schedule B, if needed, for the Walts.

	a Employee's social security number 061-38-2625	OMB No. 1545-		fe, accurate, ST! Use	≁ file	Visit the	e IRS website a s. <i>gov/efile</i>	
b Employer identification number 15-6655668			tips, other compensation 5,689.00	2 Federal income tax withheld 7,016.81				
c Employer's name, address, and MARION INDUST		security wages 5,689.00	4 Socia		ax withheld 2.72			
35 ROSE DRIVE			are wages and tips 5,689.00	6 Medi	6 Medicare tax withheld 807.49			
HIALEAH, FL 33002				security tips	8 Alloc	ated tips		
d Control number			9		10 Depe	ndent care	benefits	
e Employee's first name and initia	al Last name	Suff.	11 Nonqu	ualified plans	12a See	instructions	s for box 12	
FRANK S. WALT 6 RED FOX PARI			Statutory employee	Retirement Third-party sick pay	12b	l I		
HIALEAH, FL 330	002		14 Other		12c	12c		
V E					12d	Î		
f Employee's address and ZIP co	(40)	17 State income	tax 18	B Local wages, tips, etc.	19 Local inc	ome tax	20 Locality name	
							+	
M 9 Wage at	nd Tax			Department	of the Treasur	y-Internal	Revenue Service	

3

Copy B—To Be Filed With Employee's FEDERAL Tax Return.

This information is being furnished to the Internal Revenue Service.

	ee's social security number	OMB No. 154	5-0008	Safe, accurate, FAST! Use		sit the IRS website at ww.irs.gov/efile		
b Employer identification number (EIN) 15-3216549	1 Wa	iges, tips, other compensation 16,344.00	2 Federal income tax withheld 2,056.34					
CAPETOWN, INC. 100 FORTY-SECOND ST HIALEAH, FL 33002	3 Social security wages							
d Control number				9 10 Dependent care ben				
KAREN C. WALT 6 RED FOX PARKWAY HIALEAH, FL 33002 f Employee's address and ZIP code	ame	Suff.		onqualified plans tutory Retirement Third-party plan sick pay ner	0 0 0	ctions for box 12		
15 State Employer's state ID number	16 State wages, tips, etc.	17 State incom	ne tax	18 Local wages, tips, etc.	19 Local income ta	20 Locality nam		
Wage and Tax		101-		Department of	of the Treasury—Int	ernal Revenue Servic		

Form W-Z Statement

5073

Copy B-To Be Filed With Employee's FEDERAL Tax Return.

This information is being furnished to the Internal Revenue Service.

	☐ CORRE	ECTED (if checked)						
PAYER'S name, street address, city or or foreign postal code, and telephone	Payer's RTN (optional)		o. 1545-0112	l4 -				
HIALEAH NATIONAL BANK 13 COACHMAN LANE		1 Interest income 2013 \$ 1,520.36 Form 1099-INT				Interest Income		
HIALEAH, FL 33020	2 Early withdrawal penalty		Сору В					
PAYER'S federal identification number	RECIPIENT'S identification number	\$ 48.10	- d d T			For Recipient		
15-4555289	061-38-2625	3 Interest on U.S. Savings Bor \$ 240.00	nds and I	reas, obligation	15			
RECIPIENT'S name FRANK S. WALT		4 Federal income tax withheld	eld 5 Investment expenses			This is important tax information and is being furnished to the Internal Revenue		
Street address (including apt. no.)		\$	\$			Service. If you are required to file a		
6 RED FOX PARKW	10 TO	6 Foreign tax paid	x paid 7 Foreign country or U.S. possessio			return, a negligence penalty or other sanction may be		
City or town, province or state, country	y, and ZIP or foreign postal code	\$						
HIALEAH, FL 33002		8 Tax-exempt interest	9 Speci intere	fied private activ st	rity bond	taxable and the IRS determines that it has not been reported.		
		\$	\$					
Account number (see instructions)		10 Tax-exempt bond CUSIP no.	11 State	12 State identific	cation no.	13 State tax withheld \$		
						\$		

PAYER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone no. SAVERS STOCK 893 CENTER STREET HIALEAH, FL 33002		s 1	,632.25 ied dividends	OMB No. 1545-0110 2013 Form 1099-DIV	Dividends and Distributions		
		2a Total o	capital gain distr.	2b Unrecap. Sec. 1250 ga \$	Copy B For Recipient		
	061-38-2625	2c Section	n 1202 gain	2d Collectibles (28%) gain	, S. Heolpielle		
FRANK S. WALT Street address (including apt. no.) 6 RED FOX PARKWAY City or town, province or state, country, and ZIP or foreign postal code HIALEAH, FL 33002 Account number (see instructions)		3 Nondivi	dend distributions	4 Federal income tax withh \$	This is important tax information and is being furnished to		
		6 Foreign	tax paid	5 Investment expenses \$ 7 Foreign country or U.S. posses	the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be		
		8 Cash liq \$	uidation distributions	Noncash liquidation distribut	and the IRS		
		10 Exemp	t-interest dividends	11 Specified private activity bond interest dividends \$	determines that it has not been reported.		
		12 State	13 State identification no	14 State tax withheld \$			

Certain Government Payments
eld Copy B
For Recipient
This is important tax information and is being furnished to the
Internal Revenue Service. If you are required to file a return,
a negligence penalty or other sanction may be imposed on you if this
income is taxable and the IRS determines that it has not been

Form 1040 Page 1

CHAPTER 5 HOMEWORK 1

1040	Department of the Treasury—In U.S. Individual		Return 20 13	OMP No	. 1545-0074	IDS H	se Only—D	o not write or staple in this space.
	Dec. 31, 2013, or other tax year		, 2013, ending	, 2		1100		eparate instructions.
Your first name and it		Last name	, 2010, chang	, _			Your so	ocial security number
FRANK S		WALT						61-38-2625
If a joint return, spous	se's first name and initial	Last name					Spouse	's social security number
KAREN C		WALT					0.7	78-41-4662
•	ber and street). If you have a P.	O. box, see instruction	ons.		Apt. no.		▲ Ma	ake sure the SSN(s) above and on line 6c are correct.
6 RED FOX	. PKWY ice, state, and ZIP code. If you h				4:>			
Hialeah,		nave a foreign addres	ss, also complete spaces below	(see instruc	ctions).		Check her	idential Election Campaign re if you, or your spouse if filing
Foreign country name			Foreign province/state/county	,	reign postal co	ndo.		int \$3 to go to this fund. Checking ow will not change your tax or
1 oreign country ham			Totalgh province/state/county	, 10	reigii postai ee	de	refund.	You Spouse
Filing Status	1 Single		⊿ Hea	ad of house	ehold (with a	ualifvir	na perso	n). (See instructions.)
Filling Status	2 X Married filing jointly	v (even if only one	· L	ne qualifyin	g person is a	a child	but not y	your dependent, enter
Check only	3 Married filing separ	, ,	thic	child's nar	me here. >			
one box.	and full name here	rately. Effici spous . ▶	5 Qua	alifying wid	low(er) with	depen	dent child	d
Exemptions	6a X Yourself. If some	eone can claim yo	u as a dependent, do not o	check box	6a			Boxes checked on 6a and 6b
Exempliane	—							on 6a and 6b <u>2</u> No. of children
	c Dependents:							
			(2) Dependent's	(3) De	nendent's	(4) √ _if	child under	on 6c who:
	•	Last name	(2) Dependent's social security number		pendent's ship to you	child	child under ualifying for tax credit	lived with you _2_
	(1) First name	Last name	social security number	r rèlátion	ship to you	child	tax credit structions)	
If more than four	(1) First name KARA WALT		social security number	r relation Daugh	ship to you	child	tax credit structions)	lived with you did not live with you due to divorce or separation
dependents, see	(1) First name		social security number	r relation Daugh	ship to you	child	tax credit structions)	lived with you did not live with you due to divorce or separation (see instructions)
dependents, see instructions and	(1) First name KARA WALT		social security number	r relation Daugh	ship to you	child	tax credit structions)	lived with you did not live with you due to divorce or separation
dependents, see	(1) First name KARA WALT ABIGAIL WAI	LT	social security number	r relation Daugh Daugh	ship to you nter nter	child (see in	tax credit structions)	lived with you did not live with you due to divorce or separation (see instructions) Dependents on 6c not entered above Add numbers on
dependents, see instructions and check here ▶	(1) First name KARA WALT ABIGAIL WAI d Total number of exer	LT	social security number 031-42-3800 092-46-5921	relation Daugh Daugh	ship to you nter nter	child (see in	tax credit structions)	lived with you did not live with you due to divorce or separation (see instructions) Dependents on 6c not entered above Add numbers on
dependents, see instructions and	(1) First name KARA WALT ABIGAIL WAI d Total number of exer Wages, salaries, tips	LT mptions claimed . , etc. Attach Form	social security number 031-42-3800 092-46-5921	r relation Daugh Daugh	ship to you	child (see in	tax credit structions) X X	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 4
dependents, see instructions and check here ▶☐	(1) First name KARA WALT ABIGAIL WAI d Total number of exer Wages, salaries, tips a Taxable interest. Atta	LT mptions claimed . , etc. Attach Formation B if it	social security number 031-42-3800 092-46-5921 (s) W-2 required	r relation Daugh Daugh	ship to you	child (see in	tax credit structions) X X	• 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 72,033.
dependents, see instructions and check here ► Income Attach Form(s)	d Total number of exer Wages, salaries, tips Taxable interest. Atta	mptions claimed . , etc. Attach Formach Schedule B if i	social security number 031-42-3800 092-46-5921 (s) W-2	r relation Daugl Daugl Daugl	ship to you	child (see in	tax credit structions) X X	• 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 72,033.
dependents, see instructions and check here ▶ Income Attach Form(s) W-2 here. Also attach Forms	d Total number of exer Wages, salaries, tips Taxable interest. Atta	mptions claimed . , etc. Attach Formach Schedule B if in . Do not include or . Attach Schedule B	social security number 031-42-3800 092-46-5921 (s) W-2 (s) W-2 (required n line 8a (if required)	r relation Daugl Daugl Daugl	ship to you	child (see in	tax credit structions) X X	• 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 72,033. 1,760.
dependents, see instructions and check here ▶ ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐	(1) First name KARA WALT ABIGAIL WAI d Total number of exer Wages, salaries, tips Taxable interest. Atta b Tax-exempt interest. D Qualified dividends. A b Qualified dividends.	mptions claimed . , etc. Attach Formach Schedule B if in . Do not include or . Attach Schedule B	social security number 031-42-3800 092-46-5921 (s) W-2 (s) W-2 (required n line 8a (if required)	r relation Daugl Daugl Daugl	ship to you nter nter	child (see in	x credit structions) X X 7 8a	• 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 72,033. 1,760.
dependents, see instructions and check here ▶ Income Attach Form(s) W-2 here. Also attach Forms	(1) First name KARA WALT ABIGATL WAT d Total number of exert Wages, salaries, tips Taxable interest. Atta b Tax-exempt interest. G Ordinary dividends. Atta b Qualified dividends. Atta b Taxable refunds, cree	mptions claimed , etc. Attach Formach Schedule B if in Do not include or Attach Schedule B	social security number 031-42-3800 092-46-5921 (s) W-2 required n line 8a if required	relation Daugl Daugl Baugl Baugl	ship to you nter nter	child (see in	x credit structions) X X R 8a 9a	• 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 72,033. 1,760.
dependents, see instructions and check here ▶ ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐	d Total number of exer Wages, salaries, tips Taxable interest. Atta b Tax-exempt interest. Qualified dividends. A b Qualified dividends. A 10 Taxable refunds, cree 11 Alimony received.	mptions claimed . , etc. Attach Formach Schedule B if it. Do not include of Attach Schedule B	social security number 031-42-3800 092-46-5921	relation Daugl Daugl Daugl Baugl	ship to you nter nter	child (see in	x credit structions) X	• 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 72,033. 1,760.
dependents, see instructions and check here ▶ ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐	d Total number of exer Wages, salaries, tips Taxable interest. Atta b Tax-exempt interest. G Ordinary dividends. C Qualified dividends. C Taxable refunds, cred L Alimony received Business income or (mptions claimed, etc. Attach Formach Schedule B if in Do not include of Attach Schedule B dits, or offsets of s (loss). Attach Sche	social security number 031-42-3800 092-46-5921 (s) W-2 required n line 8a if required interesting in the security of the security in the security of the security in the security of the secur	relation Daugl Daugl Baugl Baugl	ship to you nter nter	child (see in	x credit structions) X	• 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 72,033. 1,760.

get a W-2,	15a	IRA distributions	b	Taxable amount	15b	
see instructions.	16a	Pensions and annuities 16a	b	Taxable amount	$\overline{}$	
	17	Rental real estate, royalties, partnerships, S corp	orations, trusts, e	tc. Attach Schedule E	17	
	18	Farm income or (loss). Attach Schedule F			-	
	19	Unemployment compensation				2,645.
	20a	Social security benefits 20a	1	Taxable amount		2,0101
	21	Other income. List type and amount		Taxable amount	21	
	22	Combine the amounts in the far right column for I	ines 7 through 21	This is your total income	22	78,070.
	23	Educator expenses		23		70,070.
Adjusted	24	Certain business expenses of reservists, performing a		23	-	
Gross		fee-basis government officials. Attach Form 2106	or 2106-EZ	24		
Income	25	Health savings account deduction. Attach Form 8	889	25		
	26	Moving expenses. Attach Form 3903		26		
	27	Deductible part of self-employment tax. Attach So	chedule 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 48.		
	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	48.
	37	Subtract line 36 from line 22. This is your adjuste	ed gross income	•	37	78 , 022.

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

Form **1040** (2013)

Form 1040 Page 2 Line 62

62 Federal income tax withheld from Forms W-2 and 1099 62 9,073.

SCHEDULE B (Form 1040A or 1040) Department of the Treasury

Interest and Ordinary Dividends

► Attach to Form 1040A or 1040.

OMB No. 1545-0074

Internal Revenue Service		▶ Information about Schedule B (Form 1040A or 1040) and its instructions is at www.irs.gov/scheduleb.		Sequence No. 08
Name(s) shown on re FRANK S &	etum KA	REN C WALT	Your 06	social security number 1-38-2625
Part I Interest (See instructions.)	1	List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions and list this interest first. Also, show that buyer's social security number and address	-	1,520. 240.
Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter			1	
the total interest shown on that form.	3	Add the amounts on line 1	3	1,760
	4 Note.	Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a	4	1,760. Amount
B 11	5	List name of payer ▶		

D4 II	5	List name of payer ▶		1		
Part II Ordinary		SAVERS STOCK			1,6	32.
Dividends						
(See instructions.)					
(,					
Note. If you						
received a Form 1099-DIV or			5			
substitute			•			
statement from						
a brokerage firm,						
list the firm's						
name as the						
payer and enter						
the ordinary dividends shown						
on that form.						
	6	Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a	6		1,6	32.
	Note	. If line 6 is over \$1,500, you must complete Part III.		•		
Part III	You r	must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had eign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign tr	ust.		Yes	No
Foreign	78	At any time during 2013, did you have a financial interest in or signature authority over a financia	al acco	ount		
Accounts		(such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions				X
and		If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accou	 nts (Fl	BAR)		
Trusts		formerly TD F 90-22.1 to report that financial interest or signature authority? See FinCEN Form				
เานอเอ		instructions for filing requirements and exceptions to those requirements				
(See instructions.		If you are required to file FinCEN Form 114, enter the name of the foreign country where the final	ancial	account		
(See monucions.	<i>)</i> 8	is located				
	٥	foreign trust? If "Yes," you may have to file Form 3520. See instructions				X
Far Danamuark F) a al a			rm 10100 or	. 4040	

For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule B (Form 1040A or 1040) 2013

Questions & Answers