

Homework Solutions

Chapter 5

Chapter 5 homework 1


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.

Chapter 5 homework 1

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|--|--|-----------------------------------|--|---|--|---|--|--|--|
| a Employee's social security number 061-38-2625 | | OMB No. 1545-0008 | | Safe, accurate, FAST! Use | |  | | Visit the IRS website at www.irs.gov/efile | |
| b Employer identification number (EIN) 15-6655668 | | | | 1 Wages, tips, other compensation 55,689.00 | | 2 Federal income tax withheld 7,016.81 | | | |
| c Employer's name, address, and ZIP code MARION INDUSTRIES 35 ROSE DRIVE HIALEAH, FL 33002 | | | | 3 Social security wages 55,689.00 | | 4 Social security tax withheld 3,452.72 | | | |
| | | | | 5 Medicare wages and tips 55,689.00 | | 6 Medicare tax withheld 807.49 | | | |
| | | | | 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. FRANK S. WALT 6 RED FOX PARKWAY HIALEAH, FL 33002 | | | | 11 Nonqualified plans | | 12a See instructions for box 12 | | | |
| | | | | 13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | | 12b | | | |
| | | | | 14 Other | | 12c | | | |
| | | | | | | 12d | | | |
| f Employee's address and ZIP code | | | | | | | | | |
| 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 | |
| | | | | | | | | | |
| | | | | | | | | | |


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.

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|--|----------------------------|-----------------------------------|----------------------------|---|----------------------------|---|--|--|--|
| a Employee's social security number 078-41-4662 | | OMB No. 1545-0008 | | Safe, accurate, FAST! Use | |  | | Visit the IRS website at www.irs.gov/efile | |
| b Employer identification number (EIN) 15-3216549 | | | | 1 Wages, tips, other compensation 16,344.00 | | 2 Federal income tax withheld 2,056.34 | | | |
| c Employer's name, address, and ZIP code CAPETOWN, INC. 100 FORTY-SECOND STREET HIALEAH, FL 33002 | | | | 3 Social security wages 16,344.00 | | 4 Social security tax withheld 1,013.33 | | | |
| | | | | 5 Medicare wages and tips 16,344.00 | | 6 Medicare tax withheld 236.99 | | | |
| | | | | 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. KAREN C. WALT 6 RED FOX PARKWAY HIALEAH, FL 33002 | | | | 11 Nonqualified plans | | 12a See instructions for box 12 | | | |
| | | | | 13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | | 12b | | | |
| | | | | 14 Other | | 12c | | | |
| | | | | | | 12d | | | |
| f Employee's address and ZIP code | | | | | | | | | |
| 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 | | | |
| | | | | | | | | | |

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.

Chapter 5 homework 1

☐ CORRECTED (if checked)

| | | | | | | | | |
|--|--|--|--|--|--|---|--|--|
| PAYER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone no. HIALEAH NATIONAL BANK 13 COACHMAN LANE HIALEAH, FL 33020 | | Payer's RTN (optional) | | OMB No. 1545-0112 2013 | | Interest Income | | |
| | | 1 Interest income \$ 1,520.36 | | Form 1099-INT | | | | |
| PAYER'S federal identification number 15-4555289 | | RECIPIENT'S identification number 061-38-2625 | | 2 Early withdrawal penalty \$ 48.10 | | 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 reported. | | |
| RECIPIENT'S name 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 | | 3 Interest on U.S. Savings Bonds and Treas. obligations \$ 240.00 | | 4 Federal income tax withheld \$ | | | | |
| | | 5 Investment expenses \$ | | 6 Foreign tax paid \$ | | | | |
| | | 7 Foreign country or U.S. possession | | 8 Tax-exempt interest \$ | | | | |
| Account number (see instructions) | | 9 Specified private activity bond interest \$ | | 10 Tax-exempt bond CUSIP no. | | 11 State | 12 State identification no. | 13 State tax withheld \$ \$ |

Form **1099-INT**

(keep for your records)

www.irs.gov/form1099int

Department of the Treasury - Internal Revenue Service

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☐ CORRECTED (if checked)

| | | | | | |
|---|--|---|--|---|---|
| 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 | | 1a Total ordinary dividends \$ 1,632.25 | | OMB No. 1545-0110 2013 Form 1099-DIV | Dividends and Distributions 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 reported. |
| | | 1b Qualified dividends \$ | | | |
| | | 2a Total capital gain distr. \$ | | 2b Unrecap. Sec. 1250 gain \$ | |
| PAYER'S federal identification number 15-1865721 | RECIPIENT'S identification number 061-38-2625 | 2c Section 1202 gain \$ | | 2d Collectibles (28%) gain \$ | |
| RECIPIENT'S name FRANK S. WALT | | 3 Nondividend distributions \$ | | 4 Federal income tax withheld \$ | |
| Street address (including apt. no.) 6 RED FOX PARKWAY | | 6 Foreign tax paid \$ | | 5 Investment expenses \$ | |
| City or town, province or state, country, and ZIP or foreign postal code HIALEAH, FL 33002 | | 8 Cash liquidation distributions \$ | | 7 Foreign country or U.S. possession \$ | |
| Account number (see instructions) | | 10 Exempt-interest dividends \$ | | 9 Noncash liquidation distributions \$ | |
| | | 11 Specified private activity bond interest dividends \$ | | 12 State | |
| | | 13 State identification no | | 14 State tax withheld \$ | |
| | | | | \$ | |

Form 1099-DIV

(keep for your records)

www.irs.gov/form1099div

Department of the Treasury Internal Revenue Service

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☐ CORRECTED (if checked)

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|---|---|---|-------------------------------------|---|---|
| PAYER'S name, street address, city or town, province or state, country, ZIP, or foreign postal code, and telephone no. STATE OF FLORIDA 5 ROSARY DRIVE FORT LAUDERDALE, FL 33301 | | 1 Unemployment compensation \$ 2,645.00 | | OMB No. 1545-0120 2013 Form 1099-G | Certain Government Payments 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 reported. |
| | | 2 State or local income tax refunds, credits, or offsets \$ | | | |
| PAYER'S federal identification number 15-6655888 | RECIPIENT'S identification number 061-38-2625 | 3 Box 2 amount is for tax year | | 4 Federal income tax withheld \$ | |
| RECIPIENT'S name 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 | | 5 RTAA payments \$ | | 6 Taxable grants \$ | |
| | | 7 Agriculture payments \$ | | 8 If checked, box 2 is trade or business income <input type="checkbox"/> | |
| | | 9 Market gain \$ | | | |
| | | 10a State | 10b State identification no. | 11 State income tax withheld \$ | |
| Account number (see instructions) | | | | \$ | |

Form **1099-G** (keep for your records) www.irs.gov/form1099g Department of the Treasury - Internal Revenue Service

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Form 1040 Page 1

| CHAPTER 5 HOMEWORK 1 | |
|---|--|
| 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 FRANK S | Last name WALT |
| Your social security number 061-38-2625 | |
| If a joint return, spouse's first name and initial KAREN C | Last name WALT |
| Spouse's social security number 078-41-4662 | |
| Home address (number and street). If you have a P.O. box, see instructions. 6 RED FOX PKWY | |
| Apt. no. | |
| City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Hialeah, FL 33002 | |
| 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 | |
| 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 | |
| Check only one box. | |
| 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 | |
| c Dependents: | |
| (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) | |
| KARA WALT | 031-42-3800 Daughter |
| ABIGAIL WALT | 092-46-5921 Daughter |
| Boxes checked on 6a and 6b 2 No. of children on 6c who: • lived with you 2 • did not live with you due to divorce or separation (see instructions) Dependents on 6c not entered above Add numbers on lines above 4 | |
| d Total number of exemptions claimed 4 | |
| Income | |
| 7 Wages, salaries, tips, etc. Attach Form(s) W-2 | 7 72,033. |
| 8a Taxable interest. Attach Schedule B if required | 8a 1,760. |
| b Tax-exempt interest. Do not include on line 8a | 8b |
| 9a Ordinary dividends. Attach Schedule B if required | 9a 1,632. |
| 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 <input type="checkbox"/> | 13 |
| 14 Other gains or (losses). Attach Form 4797 | 14 |
| Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not | |

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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 | 2,645. |
| 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 | 78,070. |
| 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 | 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 adjusted 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.

10

Part II Ordinary Dividends

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form

SAVERS STOCK

1,632.

5

6

1,632.

Part III Foreign Accounts and Trusts

| Yes | No |
|-----|----|
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| | |
| | X |

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| | X |

Schedule B (Form 1040A or 1040) 2013

Questions & Answers