SOLUTIONS FOR

QUESTIONS AND PROBLEMS

CHAPTER 1

THE INDIVIDUAL INCOME TAX RETURN

Group 1 – Multiple Choice Questions

1. D (LO 1.1)
2. C (LO 1.1)
3. D (LO 1.2)
4. D (LO 1.2)
5. C (LO 1.3)
6. B (LO 1.3)
7. C $98,000 – $19,000 = $79,000 (LO 1.4)
8. D $12,200 standard deduction (LO 1.4)
9. C (LO 1.5)
10. D (LO 1.5)
11. E (LO 1.6)
12. C (LO 1.6)
13. B (LO 1.6)
14. E (LO 1.6)
15. E $18,350 + $1,650 (LO 1.7)
16. B (LO 1.7)
17. B (LO 1.7)
18. D (LO 1.8)
19. A (LO 1.8)
20. E $25,000 = $280,000 – ($290,000 – $35,000) (LO 1.8)
21. B $44,000 = $47,000 – $3,000 (LO 1.8)
22. B (LO 1.9)
23. A (LO 1.9)
24. B (LO 1.10)

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. **$24,400**, the greater of itemized deductions or the standard deduction of $24,400.
   c. **$12,300** = $36,700 – $24,400. (LO 1.3)

3. a. **$24,000**.
   b. **$12,200**, the greater of total itemized deductions or the standard deduction amount.
   c. **$11,800** = $24,000 – $12,200. (LO 1.3)

4. a. **$52,300** = $53,300 + $1,600 +$400 – $3,000 ($7,000 capital loss limited to $3,000)
   b. **$12,200**
   c. **$40,100** = $52,300 – $12,200. (LO 1.3 and 1.8)

5. a. **$48,730 = $47,230 + $3,500 – $2,000**.
   b. **$24,400**, the greater of itemized deductions or the standard deduction of $24,400.
   c. **$24,330** = $48,730 – $24,400.
   d. **$2,531** (Tax Table) (LO 1.3, 1.5, and 1.7)

6.

Adjusted gross income	$17,400
Less: Itemized deductions	–2,250
Taxable income	$15,150

Ulysses' tax liability from the Tax Table is **$1,627**. 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, and 1.7)

7.

Adjusted gross income ($13,200 + $1,450)	$14,650
Less: Standard deduction	–12,200
Taxable income	$ 2,450

(LO 1.3, 1.5, and 1.7)
(*Note:* See Chapter 6 for the tax credit computation for dependent college students under age 24.)

8. a. **$34,100** = $46,300 – $12,200.
   b. Tax tables. Taxpayers with income up to $100,000 must use the tax tables.
   c. **$3,901**. (LO 1.3, 1.5, and 1.7)

9. a. **$67,625** = $49,500 + $10,125 + $5,000 + $3,000.
   b. **$64,425** = $67,625 – $3,200.
   c. **$24,400**, the greater of itemized deductions or the standard deduction of $24,400.
   d. **$40,025** = $64,425 – $24,400.
   e. **$4,415** (LO 1.3, 1.5, and 1.7)

10. a. **$88,700** = $84,800 + $3,900.
    b. **$0.**
    c. **$64,000** = $88,700 – $24,700. (LO 1.3, 1.5, 1.6, and 1.7)

11. Taxable income is: **$28,550** = $40,750 – $12,200. Tax liability from the tax tables not the tax rate schedules: **$3,235**. (LO 1.3, 1.5, and 1.7)

12. Yes. Since Nicoula owes Social Security taxes on the unreported tips, she must file an income tax return. (LO 1.4)

13. a. No. Income is less than the $12,200 standard deduction.
    b. Yes. Unearned income was more than $1,100. Also, gross income is more than the larger of $1,100 or $1,900 (earned income of $1,550 plus $350).
    c. No. Their income is under the $25,700 standard deduction ($24,400 + $1,300 (over 65 years old)).
    d. No. Gross income is less than $24,400, the 2019 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.)

14. Allen **$2,329.**
    Boyd **$2,749.**
    Caldwell **$3,905.**
    Dell **$3,020.**
    Evans **$5,764.** (LO 1.5)

15. a. D
    b. D
    c. A
    d. A
    e. B or C (LO 1.5)

16. a. Because their income exceeds $100,000, the tax rate schedules must be used.
    b. **$14,817** = $9,086 + 22% x ($105,000 – $78,950). (LO 1.5)

17. 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)

18. 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)

19. 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)

20. a. Yes, her son qualifies as a dependent, meeting the tests of a qualifying relative.
    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)

21.

a.	Yes	$500 other dependent credit
b.	No (fails gross income test)	$0
c.	Yes	$2,000 child tax credit
d.	Yes	$500 other dependent credit
e.	No	$0 (LO 1.6)

22. **$0.** Exemptions were suspended for tax years 2018–2025. **$4,000.** Both children qualify for the $2,000 child tax credit. (LO 1.6)

23. 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)

24. 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)

25. 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)

26. 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 1.9)

27. 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 1.9)

28. The limit for student loan interest deduction is $2,500. (LO 1.9)

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,

   Thank you 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 domicile, age, joint return, citizenship, and self-support test, he does not meet the relationship test. Even though he is William's brother, 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 $4,200.

   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 do not hesitate to call me.

   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,

   Thank you for your e-mail regarding your filing status for 2019. 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 2019 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! If you have any questions or would like further explanation, please do not hesitate to call me.

   Your friend,
   Trevor Malcolm
   For Whittenburg and Gill, CPAs

Group 4 – Comprehensive Problems

1A. See page 31 and 32.
1B. See page 33 and 34.
2A. See pages 35 and 36.
2B. See pages 37 and 38.

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 1A

Form 1040 Department of the Treasury—Internal Revenue Service (99)
U.S. Individual Income Tax Return **2019** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Check only one box.
[X] Single [ ] Married filing jointly [ ] Married filing separately (MFS) [ ] Head of household (HOH) [ ] Qualifying widow(er) (QW)
If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ▶

Your first name and middle initial	Last name	Your social security number
Patty	Banyan	466 33 1234
If joint return, spouse's first name and middle initial	Last name	Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.	Apt. no.	Presidential Election Campaign
543 Space Drive		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
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).		
Houston, TX 77099		
Foreign country name	Foreign province/state/county	Foreign postal code
		If more than four dependents, see instructions and ✓ here ▶ [ ]

Standard Deduction **Someone can claim:** [ ] You as a dependent [ ] Your spouse as a dependent
[ ] Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness **You:** [ ] Were born before January 2, 1955 [ ] Are blind **Spouse:** [ ] Was born before January 2, 1955 [ ] Is blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see instructions): Child tax credit	Credit for other dependents
				[ ]	[ ]
				[ ]	[ ]
				[ ]	[ ]
				[ ]	[ ]

Standard Deduction for—
- Single or Married filing separately, $12,200
- Married filing jointly or Qualifying widow(er), $24,400
- Head of household, $18,350
- If you checked any box under *Standard Deduction*, see instructions.

1	Wages, salaries, tips, etc. Attach Form(s) W-2				1	20,051
2a	Tax-exempt interest	2a		b Taxable interest. Attach Sch. B if required	2b	
3a	Qualified dividends	3a		b Ordinary dividends. Attach Sch. B if required	3b	
4a	IRA distributions	4a		b Taxable amount	4b	
c	Pensions and annuities	4c		d Taxable amount	4d	
5a	Social security benefits	5a		b Taxable amount	5b	
6	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ [ ]				6	
7a	Other income from Schedule 1, line 9				7a	
b	Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your **total income** ▶				7b	20,051
8a	Adjustments to income from Schedule 1, line 22				8a	
b	Subtract line 8a from line 7b. This is your **adjusted gross income** ▶				8b	20,051
9	**Standard deduction or itemized deductions** (from Schedule A)	9	12,200			
10	Qualified business income deduction. Attach Form 8995 or Form 8995-A	10				
11a	Add lines 9 and 10				11a	12,200
b	**Taxable income.** Subtract line 11a from line 8b				11b	7,851

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2019)

Comprehensive Problem 1A, cont.

Form 1040 (2019) Page **2**

12a	**Tax** (see inst.) Check if any from Form(s): 1 ☐ 8814 2 ☐ 4972 3 ☐	12a	788		
b	Add Schedule 2, line 3, and line 12a and enter the total ▶			12b	788
13a	Child tax credit or credit for other dependents	13a			
b	Add Schedule 3, line 7, and line 13a and enter the total ▶			13b	
14	Subtract line 13b from line 12b. If zero or less, enter -0-			14	788
15	Other taxes, including self-employment tax, from Schedule 2, line 10			15	
16	Add lines 14 and 15. This is your **total tax** ▶			16	788
17	Federal income tax withheld from Forms W-2 and 1099			17	1,198
18	Other payments and refundable credits:				
a	Earned income credit (EIC)	18a			
b	Additional child tax credit. Attach Schedule 8812	18b			
c	American opportunity credit from Form 8863, line 8	18c			
d	Schedule 3, line 14	18d			
e	Add lines 18a through 18d. These are your **total other payments and refundable credits** ▶			18e	
19	Add lines 17 and 18e. These are your **total payments** ▶			19	1,198

• If you have a qualifying child, attach Sch. EIC.
• If you have nontaxable combat pay, see instructions.

Refund

20	If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you **overpaid**			20	410
21a	Amount of line 20 you want **refunded to you.** If Form 8888 is attached, check here ▶ ☐			21a	410
▶ b	Routing number ▶ c Type: ☐ Checking ☐ Savings				
▶ d	Account number				
22	Amount of line 20 you want **applied to your 2020 estimated tax** ▶	22			

Direct deposit? See instructions.

Amount You Owe

23	**Amount you owe.** Subtract line 19 from line 16. For details on how to pay, see instructions ▶			23	
24	Estimated tax penalty (see instructions) ▶	24			

Third Party Designee (Other than paid preparer)

Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions. ☐ **Yes.** Complete below. ☐ **No**

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

Sign Here

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	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
		Parking Attendant	
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
Phone no.	Email address		

Joint return? See instructions. Keep a copy for your records.

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: ☐ 3rd Party Designee ☐ Self-employed
Firm's name ▶		Phone no.		
Firm's address ▶			Firm's EIN ▶	

Go to *www.irs.gov/Form1040* for instructions and the latest information. Form **1040** (2019)

Comprehensive Problem 1B

Form **1040-SR** Department of the Treasury—Internal Revenue Service (99) **U.S. Tax Return for Seniors** **2019** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Check only one box.
☒ Single ☐ Married filing jointly ☐ Married filing separately (MFS)
☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)
If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ▶

Your first name and middle initial	Last name	Your social security number
Patty	Banyan	466 33 1234
If joint return, spouse's first name and middle initial	Last name	Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.
543 Space Drive

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).
Houston, TX 77099

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

Foreign country name | Foreign province/state/county | Foreign postal code | If more than four dependents, see inst. and ✓ here ▶ ☐

Standard Deduction **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness **You:** ☒ Were born before January 2, 1955 ☐ Are blind
Spouse: ☐ Was born before January 2, 1955 ☐ Is blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see inst.): Child tax credit	Credit for other dependents
				☐	☐
				☐	☐
				☐	☐
				☐	☐

Attach Schedule B if required.

1	Wages, salaries, tips, etc. Attach Form(s) W-2			1	20,051
2a	Tax-exempt interest	2a	b Taxable interest	2b	
3a	Qualified dividends	3a	b Ordinary dividends	3b	
4a	IRA distributions	4a	b Taxable amount	4b	
c	Pensions and annuities	4c	d Taxable amount	4d	
5a	Social security benefits	5a	b Taxable amount	5b	
6	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐			6	
7a	Other income from Schedule 1, line 9			7a	
b	Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your **total income** ▶			7b	20,051
8a	Adjustments to income from Schedule 1, line 22			8a	
b	Subtract line 8a from line 7b. This is your **adjusted gross income** ▶			8b	20,051
9	**Standard deduction or itemized deductions** (from Schedule A)	9	13,850		
10	Qualified business income deduction. Attach Form 8995 or Form 8995-A	10			
11a	Add lines 9 and 10			11a	13,850
b	**Taxable income.** Subtract line 11a from line 8b			11b	6,201

Standard Deduction See *Standard Deduction Chart* below.

Standard Deduction Chart

Don't use this chart if someone can claim you (or your spouse if filing jointly) as a dependent, your spouse itemizes on a separate return, or you were a dual-status alien. Instead, see instructions.

Add the number of boxes checked in the "Age/Blindness" section of *Standard Deduction* ▶ 1

IF your filing status is. . .	AND the number of boxes checked is. . .	THEN your standard deduction is. . .	IF your filing status is. . .	AND the number of boxes checked is. . .	THEN your standard deduction is. . .
Single	0	$12,200	Head of household	0	$18,350
	1	13,850		1	20,000
	2	15,500		2	21,650
Married filing jointly or Qualifying widow(er)	0	24,400	Married filing separately	0	12,200
	1	25,700		1	13,500
	2	27,000		2	14,800
	3	28,300		3	16,100
	4	29,600		4	17,400

Comprehensive Problem 1B, cont.

Form 1040-SR (2019) Page **2**

	12a	**Tax** (see instructions). Check if any from: **1** ☐ Form(s) 8814 **2** ☐ Form 4972 **3** ☐	**12a** 623		
	b	Add Schedule 2, line 3, and line 12a and enter the total ▶		**12b**	623
	13a	Child tax credit or credit for other dependents	**13a**		
	b	Add Schedule 3, line 7, and line 13a and enter the total ▶		**13b**	
	14	Subtract line 13b from line 12b. If zero or less, enter -0-		**14**	623
	15	Other taxes, including self-employment tax, from Schedule 2, line 10		**15**	
	16	Add lines 14 and 15. This is your **total tax** ▶		**16**	623
	17	Federal income tax withheld from Forms W-2 and 1099		**17**	1,198
• If you have a qualifying child, attach Sch. EIC. • If you have nontaxable combat pay, see instructions.	**18**	Other payments and refundable credits:			
	a	Earned income credit (EIC)	**18a**		
	b	Additional child tax credit. Attach Schedule 8812	**18b**		
	c	American opportunity credit from Form 8863, line 8	**18c**		
	d	Schedule 3, line 14	**18d**		
	e	Add lines 18a through 18d. These are your **total other payments and refundable credits** ▶		**18e**	
	19	Add lines 17 and 18e. These are your **total payments** ▶		**19**	1,198
Refund	**20**	If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you **overpaid**		**20**	575
	21a	Amount of line 20 you want **refunded to you.** If Form 8888 is attached, check here ▶ ☐		**21a**	575
Direct deposit? See instructions. ▶	**b**	Routing number ▶ **c** Type: ☐ Checking ☐ Savings			
▶	**d**	Account number			
	22	Amount of line 20 you want **applied to your 2020 estimated tax** ▶	**22**		
Amount You Owe	**23**	**Amount you owe.** Subtract line 19 from line 16. For details on how to pay, see instructions ▶		**23**	
	24	Estimated tax penalty (see instructions) ▶	**24**		

Third Party Designee (Other than paid preparer)
Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions. ☐ **Yes.** Complete below. ☐ **No**
Designee's name ▶ Phone no. ▶ Personal identification number (PIN) ▶

Sign Here
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.

Joint return? See instructions. Keep a copy for your records.

Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
		Parking Attendant	
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: ☐ 3rd Party Designee ☐ Self-employed
Firm's name ▶				Phone no.
Firm's address ▶				Firm's EIN ▶

Comprehensive Problem 2A

Form 1040 Department of the Treasury—Internal Revenue Service (99)
U.S. Individual Income Tax Return **2019** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Check only one box.
☐ Single ☒ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)
If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ▶

Your first name and middle initial	Last name	Your social security number
Dora	Knox	467 74 4451
If joint return, spouse's first name and middle initial	Last name	Spouse's social security number
Hardy	Knox	466 47 3311

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.
143 Maple Street

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).
Knoxville, TN 37932

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

Foreign country name | Foreign province/state/county | Foreign postal code | If more than four dependents, see instructions and ✓ here ▶ ☐

Standard Deduction **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness **You:** ☐ Were born before January 2, 1955 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1955 ☐ Is blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see instructions): Child tax credit	Credit for other dependents
*				☐	☐
				☐	☐
				☐	☐
				☐	☐

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	50,994
2a	Tax-exempt interest (2a) / b Taxable interest. Attach Sch. B if required	2b	
3a	Qualified dividends (3a) / b Ordinary dividends. Attach Sch. B if required	3b	
4a	IRA distributions (4a) / b Taxable amount	4b	
c	Pensions and annuities (4c) / d Taxable amount	4d	
5a	Social security benefits (5a) / b Taxable amount	5b	
6	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐	6	
7a	Other income from Schedule 1, line 9	7a	
b	Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your **total income** ▶	7b	50,994
8a	Adjustments to income from Schedule 1, line 22	8a	
b	Subtract line 8a from line 7b. This is your **adjusted gross income** ▶	8b	50,994
9	**Standard deduction or itemized deductions** (from Schedule A) — 9: 24,400		
10	Qualified business income deduction. Attach Form 8995 or Form 8995-A — 10:		
11a	Add lines 9 and 10	11a	24,400
b	**Taxable income.** Subtract line 11a from line 8b	11b	26,594

Standard Deduction for—
- Single or Married filing separately, $12,200
- Married filing jointly or Qualifying widow(er), $24,400
- Head of household, $18,350
- If you checked any box under *Standard Deduction,* see instructions.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2019)

* The Knox's son does not meet the age test nor the gross income to qualify as a dependent.

Comprehensive Problem 2A, cont.

Form 1040 (2019) Page **2**

12a	**Tax** (see inst.) Check if any from Form(s): **1** ☐ 8814 **2** ☐ 4972 **3** ☐	12a	2,801		
b	Add Schedule 2, line 3, and line 12a and enter the total ▶			12b	2,801
13a	Child tax credit or credit for other dependents	13a			
b	Add Schedule 3, line 7, and line 13a and enter the total ▶			13b	
14	Subtract line 13b from line 12b. If zero or less, enter -0-			14	2,801
15	Other taxes, including self-employment tax, from Schedule 2, line 10			15	
16	Add lines 14 and 15. This is your **total tax** ▶			16	2,801
17	Federal income tax withheld from Forms W-2 and 1099			17	3,068
18	Other payments and refundable credits:				
a	Earned income credit (EIC)	18a			
b	Additional child tax credit. Attach Schedule 8812	18b			
c	American opportunity credit from Form 8863, line 8	18c			
d	Schedule 3, line 14	18d			
e	Add lines 18a through 18d. These are your **total other payments and refundable credits** ▶			18e	
19	Add lines 17 and 18e. These are your **total payments** ▶			19	3,068

• If you have a qualifying child, attach Sch. EIC.
• If you have nontaxable combat pay, see instructions.

Refund

20	If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you **overpaid**			20	267
21a	Amount of line 20 you want **refunded to you.** If Form 8888 is attached, check here ▶ ☐			21a	267
▶ b	Routing number ▶ **c** Type: ☐ Checking ☐ Savings				
▶ d	Account number				
22	Amount of line 20 you want **applied to your 2020 estimated tax** ▶	22			

Direct deposit? See instructions.

Amount You Owe

23	**Amount you owe.** Subtract line 19 from line 16. For details on how to pay, see instructions ▶			23	
24	Estimated tax penalty (see instructions) ▶	24			

Third Party Designee (Other than paid preparer)

Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions. ☐ **Yes.** Complete below. ☐ **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	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
		Butcher	
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
		Homemaker	
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: ☐ 3rd Party Designee ☐ Self-employed
Firm's name ▶		Phone no.		
Firm's address ▶			Firm's EIN ▶	

Go to *www.irs.gov/Form1040* for instructions and the latest information. Form **1040** (2019)

Comprehensive Problem 2B

Form **1040** Department of the Treasury—Internal Revenue Service (99)
U.S. Individual Income Tax Return **2019** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Check only one box.
☐ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☒ Head of household (HOH) ☐ Qualifying widow(er) (QW)
If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ▶

Your first name and middle initial	Last name	Your social security number
Abigail	Boxer	676 73 3311
If joint return, spouse's first name and middle initial	Last name	Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. 3456 S Career Avenue	Apt. no.	**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
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Sioux Falls, SD 57107		
Foreign country name	Foreign province/state/county	Foreign postal code

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

Standard Deduction **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness **You:** ☐ Were born before January 2, 1955 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1955 ☐ Is blind

Dependents (see instructions):

(1) First name Last name	(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see instructions): Child tax credit	Credit for other dependents
Helen Boxer	676 73 3312	Daughter	☐	☒
			☐	☐
			☐	☐
			☐	☐

1	Wages, salaries, tips, etc. Attach Form(s) W-2				1	59,364
2a	Tax-exempt interest	2a	127	b Taxable interest. Attach Sch. B if required	2b	300
3a	Qualified dividends	3a		b Ordinary dividends. Attach Sch. B if required	3b	
4a	IRA distributions	4a		b Taxable amount	4b	
c	Pensions and annuities	4c		d Taxable amount	4d	
5a	Social security benefits	5a		b Taxable amount	5b	
6	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐				6	
7a	Other income from Schedule 1, line 9				7a	
b	Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your **total income** ▶				7b	59,664
8a	Adjustments to income from Schedule 1, line 22				8a	
b	Subtract line 8a from line 7b. This is your **adjusted gross income** ▶				8b	59,664
9	**Standard deduction or itemized deductions** (from Schedule A)	9	18,350			
10	Qualified business income deduction. Attach Form 8995 or Form 8995-A	10				
11a	Add lines 9 and 10				11a	18,350
b	**Taxable income.** Subtract line 11a from line 8b				11b	41,314

Standard Deduction for—
- Single or Married filing separately, $12,200
- Married filing jointly or Qualifying widow(er), $24,400
- Head of household, $18,350
- If you checked any box under *Standard Deduction*, see instructions.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2019)

Comprehensive Problem 2B, cont.

Form 1040 (2019) Page **2**

12a	**Tax** (see inst.) Check if any from Form(s): **1** ☐ 8814 **2** ☐ 4972 **3** ☐	12a	4,682		
b	Add Schedule 2, line 3, and line 12a and enter the total ▶			12b	4,682
13a	Child tax credit or credit for other dependents	13a	500		
b	Add Schedule 3, line 7, and line 13a and enter the total ▶			13b	500
14	Subtract line 13b from line 12b. If zero or less, enter -0-			14	4,182
15	Other taxes, including self-employment tax, from Schedule 2, line 10			15	
16	Add lines 14 and 15. This is your **total tax** ▶			16	4,182
17	Federal income tax withheld from Forms W-2 and 1099			17	4,996
18	Other payments and refundable credits:				
a	Earned income credit (EIC)	18a			
b	Additional child tax credit. Attach Schedule 8812	18b			
c	American opportunity credit from Form 8863, line 8	18c			
d	Schedule 3, line 14	18d			
e	Add lines 18a through 18d. These are your **total other payments and refundable credits** ▶			18e	
19	Add lines 17 and 18e. These are your **total payments** ▶			19	4,996

• If you have a qualifying child, attach Sch. EIC.
• If you have nontaxable combat pay, see instructions.

Refund

20	If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you **overpaid**			20	814
21a	Amount of line 20 you want **refunded to you.** If Form 8888 is attached, check here ▶ ☐			21a	814
▶ b	Routing number ▶ **c** Type: ☐ Checking ☐ Savings				
▶ d	Account number				
22	Amount of line 20 you want **applied to your 2020 estimated tax** ▶	22			

Direct deposit? See instructions.

Amount You Owe

23	**Amount you owe.** Subtract line 19 from line 16. For details on how to pay, see instructions ▶			23	
24	Estimated tax penalty (see instructions) ▶	24			

Third Party Designee (Other than paid preparer)

Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions. ☐ **Yes.** Complete below. ☐ **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	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
		Accountant	
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: ☐ 3rd Party Designee ☐ Self-employed
Firm's name ▶		Phone no.		
Firm's address ▶		Firm's EIN ▶		

Go to *www.irs.gov/Form1040* for instructions and the latest information. Form **1040** (2019)

Key Number Tax Return Summary

Chapter 1

Comprehensive Problem 1A

Adjusted Gross Income (Line 8b)	20,051
Taxable Income (Line 11b)	7,851
Total Tax (Line 16)	788
Tax Refund (Line 21a)	410

Comprehensive Problem 1B

Adjusted Gross Income (Line 8b)	20,051
Standard Deduction or Itemized Deductions (Line 9)	13,850
Total Tax (Line 16)	623
Tax Refund (Line 21a)	575

Comprehensive Problem 2A

Adjusted Gross Income (Line 8b)	50,994
Standard Deduction (Line 9)	24,400
Tax (Line 12a)	2,801
Amount Overpaid (Line 20)	267

Comprehensive Problem 2B

Adjusted Gross Income (Line 8b)	59,664
Standard Deduction (Line 9)	18,350
Credit for Other Dependents (Line 13a)	500
Total Tax (Line 16)	4,182
Amount Overpaid (Line 20)	814