

CHAPTER 1 – SOLUTIONS

END OF CHAPTER MATERIAL

Discussion Questions

1. (Introduction) Give a brief history of the income tax in the United States.

Answer:

The first federal income tax was enacted in 1861 to help finance the Civil War and was discarded soon thereafter. In 1894, another income tax was promulgated by Congress to raise additional tax revenue and to expand the sources of revenue. In 1895, the Supreme Court ruled that the federal income tax was unconstitutional. In 1913, the sixteenth Amendment to the U.S. Constitution was enacted. This amendment gave Congress the power to levy and collect taxes. In 2017, the federal government collected about \$1.59 trillion in individual income taxes.

Feedback:

Learning Objective: Introduction

Topic: Income tax history

Difficulty: 1 Easy

EA: No

2. (Introduction) For tax year 2017 what proportion of individual income tax returns was electronically filed?

Answer:

In 2017, electronically-filed tax returns were 88.8% of total returns.

Feedback: Calculated from Table 1-1

Learning Objective: Introduction

Topic: Income tax data

Difficulty: 2 Medium

EA: No

3. Name the three types of tax rate structures and give an example of each.

Answer:

Progressive – U.S. federal income tax

Proportional – “flat-tax” usually levied on property or sales at the state or local level

Regressive – Social security tax

Feedback:

Learning Objective: 01-01

Topic: Tax rate structure

Difficulty: 1 Easy

EA: No

4. What is a *progressive tax*? Why do you think the government believes it is a more equitable tax than, say, a regressive tax or proportional tax?

Answer:

A progressive rate structure is a structure where the tax rate increases as the tax base increases. The progressive rate structure is viewed as more equitable because the amount of tax paid varies with the ability to pay. For example, the government believes that as an individual makes more income, a smaller percentage of that income is needed to buy necessary living supplies and thus more income is available to pay taxes.

Feedback:

Learning Objective: 01-01

Topic: Tax rate structure

Difficulty: 2 Medium

EA: No

5. What type of tax is a sales tax? Explain your answer.

Answer:

The sales tax is a proportional tax. A proportional tax is a tax where the tax rate remains the same regardless of the tax base. Most county or state sales tax rates are the same regardless of the amount of sales upon which the tax is levied. With a proportional tax, the marginal tax rate and average tax rate are always the same.

Feedback:

Learning Objective: 01-01

Topic: Tax rate structure

Difficulty: 1 Easy

EA: No

6. What is the definition of *tax base*, and how does it affect the amount of tax levied?

Answer:

The tax base is the dollar amount upon which the tax rate is applied in order to determine the actual tax. Income, dollar sales, and property value are the more common tax bases in the United States.

Feedback:

Learning Objective: 01-01

Topic: Tax base

Difficulty: 1 Easy

EA: No

7. What type of tax rate structure is the U.S. federal income tax? Explain your answer.

Answer:

The federal income tax is a progressive tax. As the tax base increases, the rate of tax increases. Tax rates range from a low of 10% to a high of 37%.

Feedback:

Learning Objective: 01-01

Topic: Tax rate structure

Difficulty: 1 Easy

EA: No

8. A change to a 17% flat tax could cause a considerable increase in many taxpayers' taxes and a considerable decrease in the case of others. Explain this statement in light of the statistics in Table 1-3.

Answer:

Those with taxable income above \$200,000 have average tax rates greater than 17%, those with taxable income below \$200,000 have average tax rates less than 17%. Thus, on average, if a 17% flat tax were enacted, those with taxable income under \$200,000 would see their tax liability go up and those with taxable income over \$200,000 would have lower tax liability.

Feedback: Based on the average tax rates in Table 1-3

Learning Objective: 01-01

Topic: Tax rate structure

Difficulty: 2 Medium

EA: No

9. Explain what is meant by *regressive tax*. Why is the social security tax considered a regressive tax?

Answer:

A regressive tax rate is one where the tax rate decreases as the tax base gets larger. The social security tax is assessed on the first \$132,900 of wages (in 2019). Thus, the social security tax rate is 6.2% (12.4% if self-employed) on the first \$132,900 of wages and 0% on wages above \$132,900.

Feedback:

Learning Objective: 01-01

Topic: Tax rate structure

Difficulty: 1 Easy

EA: No

10. Define and compare these terms: *average tax rate* and *marginal tax rate*.

Answer:

The average tax rate is the total tax liability divided by the taxable income (or tax base). The marginal tax rate is the tax rate applied to the last dollar (or, more accurately, the *next* dollar) of taxable income. In a progressive rate structure, the average tax rate is always the same as or is lower than the marginal tax rate.

Feedback:

Learning Objective: 01-02

Topic: Average tax rate

Topic: Marginal tax rate

Difficulty: 1 Easy

EA: No

11. What is meant by *compensation for services*? Give some examples.

Answer:

Compensation for services is the broad category used by the IRS to encompass all forms of economic benefit a taxpayer may receive because of an employee/employer arrangement. Examples are: wages, salaries, tips, sick pay, bonuses, fringe benefits, commissions, etc.

Feedback:

Learning Objective: 01-03

Topic: Tax return components

Difficulty: 1 Easy

EA: Yes

12. What is the definition of *interest*?

Answer:

Interest is compensation for the “use of money” with respect to a bona fide debt or obligation imposed by law (e.g., judgments, loans, installment sales).

Feedback:

Learning Objective: 01-03

Topic: Tax return components

Difficulty: 1 Easy

EA: Yes

13. What federal tax forms do taxpayers normally receive to inform them of the amount of wages and interest they earned during the year?

Answer:

Normally, wages are reported to taxpayers on a W-2 form and interest is reported on a Form 1099-INT.

Feedback:

Learning Objective: 01-03

Topic: Tax return components

Difficulty: 1 Easy

EA: Yes

14. Explain why unemployment compensation is taxable.

Answer:

Unemployment compensation is paid to an individual as a result of that person becoming unemployed. The compensation is, in effect, a substitute for taxable wages. Thus, it is taxable just as wages are taxable.

Feedback:

Learning Objective: 01-03

Topic: Tax return components

Difficulty: 1 Easy

EA: Yes

15. What is the amount of the standard deduction for single and married taxpayers who use Form 1040?

Answer:

On Form 1040, taxpayers can take a permitted deduction on line 8 of \$12,200 if the taxpayer's filing status is single or \$24,400 if their filing status is married filing jointly.

Feedback:

Learning Objective: 01-03

Topic: Tax return components

Difficulty: 1 Easy

EA: Yes

16. What is the most common way taxpayers pay their income tax liability during the year?

Answer:

The vast majority of taxpayers pay their annual tax liability through income tax withholding deducted from their paychecks by their employer and remitted to the government on behalf of the taxpayer.

Feedback:

Learning Objective: 01-03
Learning Objective: 01-04
Topic: Tax return components
Topic: Calculate tax liability
Difficulty: 1 Easy
EA: No

Multiple Choice

17. A tax rate that decreases as the tax base increases is an example of what kind of tax rate structure?
- a. Progressive.
 - b. Proportional.
 - c. Regressive.
 - d. Recessive.

Answer: c
Feedback:
Learning Objective: 01-01
Topic: Tax rate structure
Difficulty: 1 Easy
EA: No

18. A tax rate that decreases as the tax base decreases is an example of what kind of tax rate structure?
- a. Progressive.
 - b. Proportional.
 - c. Regressive.
 - d. Recessive.

Answer: a.
Feedback:
Learning Objective: 01-01
Topic: Tax rate structure
Difficulty: 1 Easy
EA: No

19. Jake earned \$15,000 and paid \$1,500 of income tax; Jill earned \$40,000 and paid \$4,000 of income tax. The tax rate structure they are subject to is:

- a. Progressive.
- b. Proportional.
- c. Regressive.
- d. Recessive.

Answer: b

Feedback: $\$1,500 / \$15,000 = 10\%$ average rate for Jake. $\$4,000 / \$40,000 = 10\%$ average rate for Jill. Both had the same average rate with differing amounts of income, so the tax rate structure is proportional.

Learning Objective: 01-01

Topic: Tax rate structure

Difficulty: 2 Medium

EA: No

20. Margaret earned \$15,000 and paid \$1,500 of income tax; Mike earned \$50,000 and paid \$4,000 of income tax. The tax rate structure they are subject to is:

- a. Progressive.
- b. Proportional.
- c. Regressive.
- d. Recessive.

Answer: c

Feedback: $\$1,500 / \$15,000 = 10\%$ average rate for Margaret. $\$4,000 / \$50,000 = 8\%$ average rate for Mike. Mike had a lower rate for higher income, so the tax rate structure is regressive.

Learning Objective: 01-01

Topic: Tax rate structure

Difficulty: 2 Medium

EA: No

21. Which of the following is an example of a regressive tax?

- a. Federal income tax.
- b. State and local taxes levied on property.
- c. Sales tax.
- d. Social Security tax.

Answer: d

Feedback:

Learning Objective: 01-01

Topic: Tax rate structure

Difficulty: 2 Medium

EA: No

22. Which of the following is an example of a progressive tax?

- a. Federal income tax.

- b. State and local taxes levied on property.
- c. Sales tax.
- d. Social Security tax.

Answer: a

Feedback:

Learning Objective: 01-01

Topic: Tax rate structure

Difficulty: 2 Medium

EA: No

23. Jennifer and Paul, who file a joint return, have taxable income of \$82,825 and the following tax liability:

$\$19,400 \times 10\% =$	\$ 1,940.00
$(\$78,950 - \$19,400) \times 12\% =$	7,146.00
$(\$82,825 - \$78,950) \times 22\% =$	<u>852.50</u>
Total tax liability	<u>\$ 9,938.50</u>

Their marginal tax rate is:

- a. 10%.
- b. 12%.
- c. 13%.
- d. 22%.

Answer: d

Feedback: Marginal rate is the rate on the last dollar of income, which is 22% in this case.

Learning Objective: 01-02

Topic: Marginal tax rate

Difficulty: 2 Medium

EA: No

24. Jennifer and Paul, who file a joint return, have taxable income of \$82,825 and the following tax liability:

$\$19,400 \times 10\% =$	\$ 1,940.00
$(\$78,950 - \$19,400) \times 12\% =$	7,146.00
$(\$82,825 - \$78,950) \times 22\% =$	<u>852.50</u>
Total tax liability	<u>\$ 9,938.50</u>

Their average tax rate is:

- a. 10%.
- b. 12%.
- c. 13%.

d. 22%.

Answer: b

Feedback: $\$9,938.50 / \$82,825 = 12\%$ (rounded)

Learning Objective: 01-02

Topic: Average tax rate

Difficulty: 2 Medium

EA: No

25. Which of the following is not a permitted filing status?

- a. Married filing jointly.
- b. Single filing jointly.
- c. Head of household.
- d. Qualifying widow.

Answer: b

Feedback:

Learning Objective: 01-03

Topic: Tax return components

Difficulty: 1 Easy

EA: Yes

26. Individual taxpayers with only wage income must file a Form:

- a. 1040.
- b. 1040W.
- c. 1099W.
- d. W-2.

Answer: a

Feedback:

Learning Objective: 01-03

Topic: Tax return components

Difficulty: 1 Easy

EA: Yes

27. Wage income is reported to a taxpayer on a Form:

- a. W-2.
- b. 1099-G.
- c. 1099-W.
- d. 1099-INT.

Answer: a

Feedback:

Learning Objective: 01-03

Topic: Tax return components

Difficulty: 1 Easy

EA: Yes

28. Interest income is reported to a taxpayer on a Form:

- a. W-2.
- b. W-2-INT.
- c. 1099-G.
- d. 1099-INT.

Answer: d

Feedback:

Learning Objective: 01-03

Topic: Tax return components

Difficulty: 1 Easy

EA: Yes

29. On a Form 1040, the amount of the permitted deduction from income for taxpayers filing a joint return is:

- a. \$1,500.
- b. \$12,200.
- c. \$24,400.
- d. \$36,600.

Answer: c

Feedback:

Learning Objective: 01-03

Topic: Tax return components

Difficulty: 1 Easy

EA: Yes

30. Elizabeth determined that her tax liability was \$3,492. Her employer withheld \$3,942 from her paychecks during the year. Elizabeth's tax return would show:

- a. a refund of \$450.
- b. a refund of \$3,942.
- c. tax due of \$450.
- d. tax due of \$3,492.

Answer: a

Feedback: \$3,492 liability - \$3,942 withholdings = (\$450) excess paid (refund).

Learning Objective: 01-03

Topic: Tax return components

Difficulty: 2 Medium

EA: Yes

31. Sandra, a single taxpayer, has taxable income of \$94,355. Using the tax tables, she has determined that her tax liability is:

- a. \$16,825.
- b. \$16,820.
- c. \$12,480.
- d. \$12,475.

Answer: a

Feedback:

Learning Objective: 01-04

Topic: Calculate tax liability

Difficulty: 2 Medium

EA: Yes

32. A married taxpayer has taxable income of \$52,717. You have calculated tax liability using the tax tables and using the tax rate schedules. What can you say about the two figures?

- a. Tax liability determined using the tax tables will be more than tax liability determined using the tax rate schedules.
- b. Tax liability determined using the tax tables will be less than tax liability determined using the tax rate schedules.
- c. Tax liability determined using the tax tables will be the same as tax liability determined using the tax rate schedules.
- d. The answer cannot be determined with the information provided.

Answer: b

Feedback: The tax rate schedules determine tax using a precise taxable amount of \$52,717. The tax tables are based on a midpoint amount of \$52,725 (the midpoint of the \$52,700 to \$52,750 range). In this case, the tax tables calculation is based on a slightly larger taxable income, thus the tax liability will be slightly larger as well.

Learning Objective: 01-04

Topic: Calculate tax liability

Difficulty: 3 Hard

EA: No

33. Eddie, a single taxpayer, has W-2 income of \$36,741. Using the tax tables, he has determined that his tax liability is:

- a. \$4,213.
- b. \$4,019.
- c. \$2,749.

d. \$2,555.

Answer: c.

Feedback: Subtract the \$12,200 standard deduction from W-2 income to get taxable income which is used for the tax tables.

Learning Objective: 01-04

Topic: Tax return components

Topic: Calculate tax liability

Difficulty: 3 Hard

EA: Yes

34. Arno and Bridgette are married and have combined W-2 income of \$76,441. They received a \$538 refund after they filed their taxes. How much income tax did their employers withhold during the year?

a. \$5,317.

b. \$6,393.

c. \$9,321.

d. The answer cannot be determined with the information provided.

Answer: b

Feedback: Subtract \$24,400 permitted deduction from W-2 income to get taxable income which is used for the tax tables. After determining total tax liability of \$5,855, add the \$538 refund to get withholding.

Learning Objective: 01-03

Learning Objective: 01-04

Topic: Tax return components

Topic: Calculate tax liability

Difficulty: 3 Hard

EA: Yes

Problems

35. Using the information in Table 1-3, determine the average amount of taxable income per tax return, rounded to the nearest dollar, for each of the ranges of taxable income provided.

Answer:

Under \$15,000 = \$21,439,540,000 / 33,998,665 = \$631

\$15,000 to under \$30,000 = \$213,668,669,000 / 29,548,721 = \$7,231

\$30,000 to under \$50,000 = \$578,082,715,000 / 27,127,608 = \$21,310

\$50,000 to under \$100,000 = \$1,661,992,914,000 / 34,537,027 = \$48,122

\$100,000 to under \$200,000 = \$2,055,707,167,000 / 20,094,853 = \$102,300

\$200,000 or more = \$3,408,931,866,000 / 7,788,785 = \$437,672

Feedback: In each case, the average taxable income per return is calculated by dividing total taxable income by the number of tax returns. Remember that the

taxable income is shown in thousands so you need to add three zeros to the taxable income number provided.

Learning Objective: 01-01

Topic: Tax rate structure

Difficulty: 2 Medium

EA: No

36. Using the information in Table 1-3, determine the amount of average income tax liability per tax return, rounded to the nearest dollar, for each income range provided.

Answer:

$$\text{Under } \$15,000 = \$1,891,136,000 / 33,998,665 = \$56$$

$$\text{\$15,000 to under } \$30,000 = \$18,881,170,000 / 29,548,721 = \$639$$

$$\text{\$30,000 to under } \$50,000 = \$59,565,261,000 / 27,127,608 = \$2,196$$

$$\text{\$50,000 to under } \$100,000 = \$218,856,282,000 / 34,537,027 = \$6,337$$

$$\text{\$100,000 to under } \$200,000 = \$343,280,695,000 / 20,094,853 = \$17,083$$

$$\text{\$200,000 or more} = \$945,200,723,000 / 7,788,785 = \$121,354$$

Feedback: In each case, the average tax liability per return is calculated by dividing the total tax liability by the number of tax returns. Remember that the total tax liability is shown in thousands so you need to add three zeros to the tax liability number provided.

Learning Objective: 01-01

Topic: Tax rate structure

Difficulty: 2 Medium

EA: No

37. Use the information in Table 1-3. If the federal tax system was changed to a proportional tax rate structure with a tax rate of 17%, calculate the amount of tax liability for 2017 for all taxpayers. How does this amount differ from the actual liability?

Answer:

The tax liability assuming a 17% flat rate can be calculated by adding up the taxable income for all income ranges and multiplying it by 17%.

Total taxable income:

\$	21,439,540,000
	213,668,669,000
	578,082,715,000
	1,661,992,914,000
	2,055,707,167,000
	3,408,931,866,000

$$\begin{array}{r}
 \$7,939,822,871,000 \\
 \times .17 \\
 \hline
 \hline
 \underline{\underline{\$1,349,769,888,000}} \quad \text{tax liability for all taxpayers assuming 17\% rate.}
 \end{array}$$

Compare that number with the total tax liability on Table 1-3:

$$\begin{array}{r}
 \$ 1,891,136,000 \\
 18,881,170,000 \\
 59,565,261,000 \\
 218,856,282,000 \\
 343,280,695,000 \\
 945,200,723,000 \\
 \hline
 \hline
 \underline{\underline{\$ 1,587,675,267,000}}
 \end{array}$$

A 17% flat tax would raise \$1.35 trillion of tax revenue compared to almost \$1.588 trillion of tax revenue under current tax law. Thus, instituting a 17% flat tax on the same tax base would raise about \$238 billion LESS than current law.

Note, however, that the distribution of tax liability would be significantly different across the income ranges presented. On average, those with adjusted gross income of \$200,000 or more would pay less with a 17% flat tax and those with adjusted gross income less than \$200,000 would pay more. In effect, the 17% benchmark would make almost 7.8 million taxpayers better off and 145.3 million taxpayers worse off.

Feedback:

Learning Objective: 01-01

Topic: Tax rate structure

Difficulty: 3 Hard

EA: No

38. What is the Income Tax Formula, in simplified form?

Answer:

The income tax formula is the methodology used to determine the amount of tax owed by a taxpayer. In its most simplified form, the income tax formula is:

$$\begin{array}{r}
 \text{Income} \\
 - \text{Permitted deductions from income} \\
 \hline
 \hline
 \end{array}$$

$$\begin{array}{r} = \text{Taxable income} \\ \times \text{Appropriate tax rates} \\ \hline = \text{Tax liability} \\ - \text{Tax payments and tax credits} \\ \hline = \text{Tax refund or tax due with return} \end{array}$$

Feedback: From page 1-5
Learning Objective: 01-02
Topic: Income tax formula
Difficulty: 1 Easy
EA: Yes

39. What are the five filing statuses that are permitted on a Form 1040?

Answer:

The five filing statuses permitted on a Form 1040 are: Single, married filing jointly, married filing separately, head of household, and qualifying widow(er).

Feedback: From page 1-6
Learning Objective: 01-03
Topic: Tax return components
Difficulty: 1 Easy
EA: Yes

40. When taxpayers file a tax return, they will either pay an additional amount or receive a refund of excess taxes paid. Briefly explain how this “settling up” process works. Why might a taxpayer pay too much during the year?

Answer:

When a tax return is filed, the taxpayer determines the total amount of tax liability. Normally, during the year, taxpayers pay this liability to the government through income tax withholdings. These withholdings (or other payments) are an estimate of the total tax liability that will be due at the end of the year. There will almost always be a difference between the actual amount due and the amount estimated. The amount due or overpaid is determined when the final tax return is filed.

A taxpayer will pay too much during the year if he or she estimates a higher tax liability than is actually due. Sometimes taxpayers choose to pay “too much” as a method of forced savings.

Feedback:

Learning Objective: 01-03

Topic: Tax return components

Difficulty: 2 Medium

EA: Yes

41. Cameron is single and has taxable income of \$88,806. Determine his tax liability using the Tax Tables and using the Tax Rate Schedule. Why is there a difference between the two amounts?

Answer:

Cameron's tax using the tax tables is \$15,493. His tax using the tax rate schedules is \$15,487.94.

There is a \$5.06 difference between the two amounts because the tax tables are based on taxable income at the midpoint of the range and the tax rate schedules are precise. Thus, the tax tables are based on a taxable income of \$88,825 while the tax rate schedules are based on taxable income of \$88,806.

Feedback:

Learning Objective: 01-04

Topic: Calculate tax liability

Difficulty: 3 Hard

EA: Yes

42. Havel and Petra are married and will file a joint tax return. Havel has W-2 income of \$45,588 and Petra has W-2 income of \$47,229. What is their tax liability? Determine their tax liability using both the Tax Tables and the Tax Rate Schedule.

Answer:

Their tax liability using the tax tables is \$7,823 and their liability using the tax rate schedules is \$7,822.04.

Feedback: Note that their taxable income is \$68,417. Remember that you need to subtract the permitted deduction of \$24,400 from their W-2 wages to obtain taxable income.

Learning Objective: 01-04

Topic: Calculate tax liability

Difficulty: 3 Hard

EA: Yes

43. Determine the tax liability, marginal tax rate, and average tax rate (rounded to two decimal places) in each of the following cases. Use the tax tables to determine tax liability.

a. Single taxpayer, taxable income of \$38,862.

- b. Single taxpayer, taxable income of \$89,889.

Answer:

a. Liability = \$4,471 marginal = 12% average = 11.5%

b. Liability = \$15,745 marginal = 24% average = 17.52%

Feedback: Liability comes from the tax tables. Marginal rate is the rate on the last dollar of income according to the tax rate schedules. Average rate is the tax liability divided by the taxable income.

Learning Objective: 01-02

Learning Objective: 01-04

Topic: Average tax rate

Topic: Marginal tax rate

Topic: Calculate tax liability

Difficulty: 3 Hard

EA: Yes

44. Determine the tax liability, marginal tax rate, and average tax rate (rounded to two decimal places) in each of the following cases. Use the tax tables to determine tax liability.

- a. Married taxpayers, taxable income of \$89,889.

- b. Married taxpayers, taxable income of \$61,229.

Answer:

a. Liability = \$11,490 marginal = 22% average = 12.78%

b. Liability = \$6,959 marginal = 12% average = 11.37%

Feedback: Liability comes from the tax tables. Marginal rate is the rate on the last dollar of income according to the tax rate schedules. Average rate is the tax liability divided by the taxable income.

Learning Objective: 01-02

Learning Objective: 01-04

Topic: Average tax rate

Topic: Marginal tax rate

Topic: Calculate tax liability

Difficulty: 3 Hard

EA: Yes

45. Determine the tax liability, marginal tax rate, and average tax rate (rounded to two decimal places) in each of the following cases. Use the tax tables to determine tax liability.

- a. Married taxpayers, taxable income of \$38,862.

- b. Single taxpayer, taxable income of \$61,229.

Answer:

a. Liability = \$4,277 marginal = 12% average = 11.01%

b. Liability = \$9,328 marginal = 22% average = 15.23%

Feedback: Liability comes from the tax tables. Marginal rate is the rate on the last dollar of income according to the tax rate schedules. Average rate is the tax liability divided by the taxable income.

Learning Objective: 01-02

Learning Objective: 01-04

Topic: Average tax rate

Topic: Marginal tax rate

Topic: Calculate tax liability

Difficulty: 3 Hard

EA: Yes

46. Use the Tax Rate Schedules to determine tax liability for each of the cases in problems 43, 44, and 45.

Answer:

Liability for 43a = \$4,469.44 Liability for 43b = \$15,747.86

Liability for 44a = \$11,492.58 Liability for 44b = \$6,959.48

Liability for 45a = \$4,275.44 Liability for 45b = \$9,328.88

Feedback:

Learning Objective: 01-04

Topic: Calculate tax liability

Difficulty: 3 Hard

EA: Yes

47. The W-2 income of Sandra, a single taxpayer, was \$88,793. Using the tax tables, determine Sandra's tax liability.

Answer:

Sandra's tax liability is \$12,705.

Feedback: The problem gives you Sandra's W-2 income. To determine taxable income (the number necessary to use the tax tables) you need to subtract the permitted deduction of \$12,200. Sandra's taxable income is \$76,593.

Learning Objective: 01-03

Learning Objective: 01-04

Topic: Tax return components

Topic: Calculate tax liability

Difficulty: 3 Hard

EA: Yes

48. The W-2 incomes of Betty and her husband Ronald were \$43,688 and \$41,539, respectively. If Betty and Ronald use a filing status of married filing jointly, determine their tax liability using the tax tables.

Answer:

Their tax liability is \$6,911.

Feedback: The problem gives you Betty and Ronald's W-2 income. To determine taxable income (the number necessary to use the tax tables) you need to subtract the permitted deduction of \$24,400. Their taxable income is \$60,827.

Learning Objective: 01-03

Learning Objective: 01-04

Topic: Tax return components

Topic: Calculate tax liability

Difficulty: 3 Hard

EA: Yes

49. Sheniqua, a single taxpayer, had taxable income of \$93,678. Her employer withheld \$16,509 in federal income tax from her paychecks throughout the year. Using the tax tables, would Sheniqua receive a refund or would she be required to pay additional tax? What is the amount?

Answer:

Sheniqua's tax liability is \$16,657. Her employer withheld \$16,509 from her paychecks. Sheniqua has underpaid by \$148 ($\$16,657 - \$16,509$) so she must pay additional tax of that amount.

Feedback:

Learning Objective: 01-03

Learning Objective: 01-04

Topic: Tax return components

Topic: Calculate tax liability

Difficulty: 3 Hard

EA: Yes

50. Xavier and his wife Maria have total W-2 income of \$93,102. They will file their tax return married filing jointly. They had a total of \$7,910 withheld from their paychecks for federal income tax purposes. Using the tax tables, determine the amount of refund or additional tax due upon filing their tax return. Indicate whether the amount is a refund or additional tax.

Answer:

The problem gives you Xavier and Maria's W-2 income, not their taxable income. To determine taxable income (the number necessary to use the tax tables) you need to subtract the permitted deduction of \$24,400. Their taxable income is \$68,702 giving them a tax liability of \$7,859. They have overpaid by \$51 ($\$7,910 - \$7,859$) so they are entitled to a refund of that amount.

Feedback:

Learning Objective: 01-03
Learning Objective: 01-04
Topic: Tax return components
Topic: Calculate tax liability
Difficulty: 3 Hard
EA: Yes

Questions Pertaining to Appendix A

51. Discuss the concept of “tax authority.” How does tax authority help taxpayers and tax preparers report tax items properly?

Answer:

Tax authority represents the body of law, regulations, judicial decisions, and other items that provide taxpayers and tax professionals with guidance to correctly report taxable income.

Feedback:

Learning Objective: 01-05
Topic: Tax authority
Difficulty: 1 Easy
EA: No

52. What are the three types of tax authority? Who issues each type?

Answer:

Statutory Authority – issued by Congress
Administrative Authority – issued by the IRS
Judicial Authority – issued by the various courts in the U.S. judicial system

Feedback:

Learning Objective: 01-05
Topic: Tax authority
Difficulty: 1 Easy
EA: No

53. Discuss the concept of statutory tax authority. Why is there a need for additional types of authority when statutory authority is the law?

Answer:

The most common statutory tax authority is the Internal Revenue Code (IRC). The IRC is written by Congress and is considered the tax law. Other types of authority are necessary because statutory authority is often broad and lacks

the detail to answer questions concerning the proper reporting of many different tax transactions. The administrative and judicial authorities (the IRS and the courts) provide interpretations of Congressional intent.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 2 Medium

EA: No

54. What is the legislative process concerning tax laws? Where does tax legislation often begin?

Answer:

The legislative process is shown in Table 1-4. Tax legislation usually begins in the Ways and Means Committee of the House of Representatives.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

55. What are committee reports, and how can they help the taxpayer or tax preparer?

Answer:

When a tax bill is discussed and voted on by the various congressional committees (Ways and Means, Senate Finance Committee, Joint Conference Committee), a report is produced for that committee. The committee reports set forth the “intent of Congress” as the tax legislation is written. The committee reports are especially useful to taxpayers and professionals because they provide guidance when a new tax law is passed or when there is minimal administrative or judicial authority to help interpret the law.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

56. What is the purpose of the Joint Conference Committee? Its reports are considered more important or are more authoritative. Why?

Answer:

The Joint Conference Committee is composed of members of both the House Ways & Means Committee and the Senate Finance Committee. It is formed

when the House and the Senate have passed different versions of a tax bill. The purpose of the joint committee is to resolve any conflicts between the two versions. Thus, the committee reports from the Joint Conference Committee are the last reports and contain the discussion of the intent regarding the final bill sent to the President for signature.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 2 Medium

EA: No

57. Explain what is meant by Public Law 100-14.

Answer:

Public Law 100-14 is the 14th bill of the 100th Congress that was signed into law. All legislation passed by Congress and signed into law follows this numbering system – whether it is a tax bill or otherwise.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

58. What is administrative authority, and who publishes it?

Answer:

Administrative authority is the IRS's interpretation of the IRC. It is developed and published by the IRS.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

59. What is a Proposed Regulation? Can a taxpayer rely on a Proposed Regulation as authority on how to treat a certain tax item?

Answer:

The IRS writes proposed regulations during the hearing process leading up to the issuance of final or general regulations. The purpose of proposed regulations is to generate discussion and/or criticism of the IRS's interpretation of the IRC. The taxpayer can rely on a proposed regulation absent any other contradictory tax authority. However, proposed regulations

do not have the effect of law, so the tentative position may be overturned. Reliance on a proposed regulation is treated as authority for possible imposition of a negligence penalty (the reversed tax position would not be subject to a negligence penalty).

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 2 Medium

EA: No

60. Can a taxpayer rely on a Temporary Regulation as authority on how to treat a certain tax item? If so, how long is a Temporary Regulation valid?

Answer:

Taxpayers can rely on temporary regulations. A temporary regulation has the same tax authority as a general or final regulation. It is effective as soon as it is issued and expires three years from the date of issuance.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

61. Differentiate between a General Regulation and a Legislative Regulation. Which one is the stronger tax authority?

Answer:

The IRS writes general regulations to interpret the IRC under the general authority given to the IRS by Congress. A legislative regulation is a regulation written by the IRS under a direct mandate by Congress. In other words, Congress tells (or gives power to) the IRS to write the actual law through a legislative regulation. Legislative regulations have the full effect of law and are the strongest administrative authority.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 2 Medium

EA: No

62. Where are Revenue Rulings and Revenue Procedures found? When might a Revenue Ruling be useful to a taxpayer? When might a Revenue Procedure be useful to a taxpayer?

Answer:

The IRS publishes all Revenue Rulings and Procedures in a publication series called the *Cumulative Bulletin*. Rulings and Procedures can also be located on the Web at www.irs.gov and other locations. Revenue Rulings are most useful to a taxpayer in determining the proper tax position to use regarding a given fact scenario. Revenue Procedures are used more often to provide resources such as tables, rates, guidelines, and safeguards (e.g., tax depreciation tables, inflation adjusted items, etc.).

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 2 Medium

EA: No

63. In what courts are disputes between the IRS and a taxpayer heard?

Answer:

The three trial courts that hear tax disputes between the IRS and taxpayers are the U.S. District Courts, the U.S. Tax Court, and U.S. Court of Federal Claims.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

64. What are the advantages in petitioning the Tax Court versus other trial courts?

Answer:

The major advantage of filing a case with the Tax Court is that the taxpayer need not pay the amount of disputed tax before filing a petition. Another advantage is that the Tax Court justices are tax law specialists. However, the second advantage can also be a disadvantage if the tax authority is not sufficiently on the taxpayer's side as might be the case if emotional or undue circumstances caused the deficiency.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: Yes

65. When would a taxpayer want to sue the government in a district court versus the Tax Court?

Answer:

A U.S. District Court allows jury trial. A judge who is a tax specialist decides Tax Court cases. Therefore, if the taxpayer's case is an emotional issue but the tax law is not totally favorable towards his or her position, a trial by a jury may produce a more positive outcome.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 2 Medium

EA: No

66. If a taxpayer loses a case against the IRS in one of the three trial courts, does the taxpayer have any avenue for appeals?

Answer:

Any of the trial courts' decisions may be appealed to the U.S. Court of Appeals.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

67. After the Court of Appeals, does the taxpayer have any additional avenue for appeals? If so, what are the taxpayer's probabilities of receiving an appeal after the Court of Appeals? Why?

Answer:

All of the Court of Appeals cases can be appealed to the U.S. Supreme Court. However, the Supreme Court hears few tax cases each year. The only tax cases the Supreme Court usually agrees to rule on are cases where a conflict occurs between the rulings of several different courts.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

68. Why might a district court's opinion regarding a tax decision be more likely to be reversed on appeal?

Answer:

A district court ruling may be decided by a jury or by a judge that is not a tax specialist. Upon appeal, the tax authority is weighted more heavily and emotional reasons for a verdict are more likely to be disregarded.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

69. (Longer Answer) What is a Treasury Regulation? What are the four types of regulations and how do they differ?

Answer:

A Treasury Regulation is written by the IRS (the IRS is a division of the U.S. Treasury Department). A Treasury Regulation is the strongest administrative authority and is the IRS's direct interpretation of the IRC.

The four types of regulations are:

***Legislative* – written under a direct mandate from Congress and have the full effect of law.**

***General or Final Regulations* – written by the IRS under its general authority to interpret the IRC.**

***Temporary Regulations* – the IRS issues these regulations to give taxpayers immediate guidance on the effect of a new law. They expire three years after they are issued.**

***Proposed Regulations* – the IRS writes these regulations during the hearing process concerning general regulations. The purpose of these regulations is to generate discussion and/or criticism of the IRS's interpretation of the IRC.**

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

70. (Longer Answer) What is the difference between a Revenue Ruling and a Revenue Procedure? How does the level of authority of a ruling or procedure compare with regulations and statutory authority?

Answer:

With a Revenue Ruling, the IRS reacts to an area of the tax law that is confusing to many taxpayers. Revenue Rulings are usually issued after numerous taxpayers have requested guidance through Private Letter Rulings on a particular tax situation.

The IRS usually issues Revenue Procedures to illustrate the manner in which it wants something reported. In other words, a Revenue Procedure is usually proactive.

Revenue Rulings and Procedures carry less authoritative weight than regulations and statutory authority. However, they are considered strong tax authority. When a tax professional is researching a tax issue, Rulings and Procedures are an especially useful source of information because they reference other tax authorities (law, court cases, etc.) as part of the justification for the position of the IRS.

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 2 Medium

EA: No

Multiple Choice Questions Pertaining to Appendix A

71. Which of the following is (are) primary sources of tax authority?

- a. Statutory sources.
- b. Administrative sources.
- c. Judicial sources.
- d. All of the above.

Answer: d

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

72. Which of the following is a statutory source of tax authority?

- a. Internal Revenue Code.
- b. Regulations.
- c. Revenue Rulings.
- d. Tax Court decision.

Answer: a

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

73. Which of the following types of IRS Regulations have the greatest strength of authority?

- a. General or Final Regulations.
- b. Legislative Regulations.
- c. Proposed Regulations.
- d. Temporary Regulations.

Answer: b

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

74. Which of the following refers to an income tax regulation?

- a. Reg. §1.162-5.
- b. Reg. §20.2032-1.
- c. Reg. §25.2503-4.
- d. Reg. §31.3301-1.

Answer: a

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

75. Which of the following trial court(s) hear tax cases?

- a. U.S. Tax Court.
- b. U.S. district courts.
- c. U.S. Court of Federal Claims.
- d. All of the above.

Answer: d

Feedback:

Learning Objective: 01-05

Topic: Tax authority

Difficulty: 1 Easy

EA: No

Discussion Questions Pertaining to Appendix B (LO 6)

76. IRS rules for paid tax preparers apply to what types of tax professionals?

Answer:

Paid tax preparer rules under Circular 230 apply to CPAs, attorneys, enrolled agents, registered tax preparers or any other person who, for compensation, prepares a tax return, provides tax advice or practices before the IRS.

Feedback:

Learning Objective: 01-06

Topic: Circular 230

Difficulty: 1 Easy

EA: Yes

77. Who must obtain a preparer tax identification number?

Answer:

Any paid preparer must obtain a preparer tax identification number. A paid preparer is someone who, for compensation, prepares all or substantially all of a tax return or tax form submitted to the IRS or a claim for refund.

Feedback:

Learning Objective: 01-06

Topic: Circular 230

Difficulty: 1 Easy

EA: Yes

78. List at least five items that paid preparers must do to comply with Circular 230.

Answer:

The text lists nine items that a paid preparer must do. An appropriate answer would include any five from the list. The list is:

- **Sign all tax returns they prepare.**
- **Provide a copy of the returns to clients.**
- **Return records to clients.**
- **Exercise due diligence.**
- **Exercise best practices in preparing submissions to the IRS.**
- **Disclose all non-frivolous tax positions when such disclosure is required to avoid penalties.**
- **Promptly notify clients of any error or omission on a client tax return.**
- **Provide records and information requested by the IRS unless the records or information are privileged.**

- **Inform a client if the client has made an error or omission in a document submitted to the IRS.**

Feedback:

Learning Objective: 01-06

Topic: Circular 230

Difficulty: 1 Easy

EA: Yes

79. List at least five items that paid preparers must not do to comply with Circular 230.

Answer:

The text lists seven items that a paid preparer must not do. An appropriate answer would include any five from the list. The list is:

- **Take a tax position on a return unless there is a “realistic possibility” of the position being sustained.**
- **Charge a fee contingent on the outcome of the return or any position, except in certain limited situations.**
- **Charge an “unconscionable fee.”**
- **Unreasonably delay the prompt disposition of any matter before the IRS.**
- **Cash an IRS check for a client for whom the return was prepared.**
- **Represent a client before the IRS if the representation involves a conflict of interest.**
- **Make false, fraudulent or coercive statements or claims or make misleading or deceptive statements or claims. In part, this item pertains to claims made with respect to advertising or marketing.**

Feedback:

Learning Objective: 01-06

Topic: Circular 230

Difficulty: 1 Easy

EA: Yes

Multiple Choice Questions Pertaining to Appendix B (LO 6)

80. A preparer tax identification number must be obtained by
- a. Only CPA’s, attorneys, and enrolled agents.
 - b. Only individuals who are not CPA’s, attorneys or enrolled agents.
 - c. Any individual who is paid to prepare a tax return.
 - d. Only individuals who prepare a Form 1040.

Answer: c

Feedback:

Learning Objective: 01-06

Topic: Circular 230

Difficulty: 1 Easy

EA: Yes

81. A paid preparer must not
- Cash a client's IRS check.
 - Charge a reasonable fee.
 - Inform a client if the preparer makes a mistake on the client's tax return.
 - Provide a client with a copy of his or her return.

Answer: a

Feedback:

Learning Objective: 01-06

Topic: Circular 230

Difficulty: 1 Easy

EA: Yes

82. A paid preparer must
- Ignore a conflict of interest when representing a client before the IRS.
 - Charge a contingent fee.
 - Sign all tax returns he or she prepares.
 - Provide records requested by the IRS in all circumstances.

Answer: c

Feedback:

Learning Objective: 01-06

Topic: Circular 230

Difficulty: 1 Easy

EA: Yes

Tax Return Problems

Use your tax software to complete the following problems. If you are manually preparing the tax returns, you will need a Form 1040 for each problem.

Tax Return Problem #1

Alex Montgomery is single and lives at 3344 Bayview Drive, Richmond Hill, GA 31324. His SSN is 412-34-5670. He recently graduated from the Savannah College of Art and

Design and works as a video game developer. His Form W-2 contained the following information.

Wages (box 1) = \$61,011.30
Federal W/H (box 2) = \$6,866.10
Social security wages (box 3) = \$61,011.30
Social security W/H (box 4) = \$3,782.70
Medicare wages (box 5) = \$61,011.30
Medicare W/H (box 6) = \$884.66

Alex had qualifying health care coverage at all times during the year.

Prepare a Form 1040 for Alex.

Tax Return Problem #2

Brenda Peterson is single and lives at 567 East Street, Marshfield, MA 02050. Her SSN is 412-34-5670. She worked the entire year for Applebee Consulting in Marshfield. Her Form W-2 contained information in the following boxes:

Wages (Box 1) = \$67,155.65
Federal W/H (Box 2) = \$8,366.12
Social Security Wages (Box 3) = \$67,155.65
Social Security W/H (Box 4) = \$4,163.66
Medicare Wages (Box 5) = \$67,155.65
Medicare W/H (Box 6) = \$973.76

She also received two Form 1099-INTs. One was from First National Bank of Marshfield and showed interest income of \$537.39 in box 1. The other Form 1099-INT was from Baystate Savings and Loan and showed interest income of \$281.70 in box 1.

Brenda had qualifying health care coverage at all times during the tax year.

Prepare a Form 1040 for Brenda.

Tax Return Problem #3

Jin Xiang is single and lives at 2468 North Lake Road in Deerwood, MN 56444. Her SSN is 412-34-5670. She worked the entire year for Lakeland Automotive. The Form W-2 from Lakeland contained information in the following boxes:

Wages (Box 1) = \$42,851.89
Federal W/H (Box 2) = \$4,583.91

Social Security Wages (Box 3) = \$42,851.89
Social Security W/H (Box 4) = \$2,656.82
Medicare Wages (Box 5) = \$42,851.89
Medicare W/H (Box 6) = \$621.35

On the weekends, Jin worked at Parts-Galore, a local auto parts store. The Form W-2 from Parts-Galore contained information in the following boxes:

Wages (Box 1) = \$9,167.02
Federal W/H (Box 2) = \$348.39
Social Security Wages (Box 3) = \$9,167.02
Social Security W/H (Box 4) = \$568.36
Medicare Wages (Box 5) = \$9,167.02
Medicare W/H (Box 6) = \$132.92

Jin also received a Form 1099-INT from Minnesota Savings and Loan. The amount of interest income in box 1 of the Form 1099-INT was \$51.92.

Jin had qualifying health care coverage at all times during the tax year.

Prepare a Form 1040 for Jin.

Tax Return Problem #4

Jose and Maria Suarez are married and live at 9876 Main Street, Denver, CO 80205. Jose's SSN is 412-34-5670 and Maria's SSN is 412-34-5671.

For the first five months of the year, Jose was employed by Mountain Mortgage Company. The Form W-2 from Mountain Mortgage contained information in the following boxes:

Wages (Box 1) = \$35,028.52
Federal W/H (Box 2) = \$3,746.89
Social Security Wages (Box 3) = \$35,028.52
Social Security W/H (Box 4) = \$2,171.77
Medicare Wages (Box 5) = \$35,028.52
Medicare W/H (Box 6) = \$507.91

Jose was laid off from his job at Mountain Mortgage and was unemployed for three months. He received \$1,000 of unemployment insurance payments. The Form 1099-G Jose received from the State of Colorado contained \$1,000 of unemployment compensation in box 1 and \$100 of federal income tax withholding in box 4.

During the last four months of the year, Jose was employed by First Mountain Bank in Denver. The Form W-2 Jose received from the bank contained information in the following boxes:

Wages (Box 1) = \$17,820.20
Federal W/H (Box 2) = \$1,767.89
Social Security Wages (Box 3) = \$17,820.20
Social Security W/H (Box 4) = \$1,104.85
Medicare Wages (Box 5) = \$17,820.20
Medicare W/H (Box 6) = \$258.39

Maria was employed the entire year by Blue Sky Properties in Denver. The Form W-2 Maria received from Blue Sky contained information in the following boxes:

Wages (Box 1) = \$52,455.05
Federal W/H (Box 2) = \$ 4,786.82
Social Security Wages (Box 3) = \$52,455.05
Social Security W/H (Box 4) = \$ 3,252.21
Medicare Wages (Box 5) = \$52,455.05
Medicare W/H (Box 6) = \$ 760.60

The Suarezes also received two Form 1099-INTs showing interest they received on two savings accounts. One Form 1099-INT from the First National Bank of Northeastern Denver showed interest income of \$59.36 interest income of in box 1. The other Form 1099-INT from Second National Bank of Northwestern Denver showed interest income of \$82.45 in box 1.

Jose and Maria had qualifying health care coverage at all times during the tax year.

Prepare a Form 1040 for Mr. and Mrs. Suarez.

Filing Status

Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)

Check only one box.

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 Alex		Last name Montgomery	Your social security number 4 1 2 3 4 5 6 7 0
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. 3344 Bayview Drive			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
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Richmond Hill, GA 31324			
Foreign country name		Foreign province/state/county	Foreign postal code
			If more than four dependents, see instructions and <input type="checkbox"/> here ▶ <input type="checkbox"/>

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) <input checked="" type="checkbox"/> if qualifies for (see instructions):	
				Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

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	61,011
2a Tax-exempt interest	2a	2b Taxable interest. Attach Sch. B if required	
3a Qualified dividends	3a	3b Ordinary dividends. Attach Sch. B if required	
4a IRA distributions	4a	4b Taxable amount	
c Pensions and annuities	4c	4d Taxable amount	
5a Social security benefits	5a	5b Taxable amount	
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	61,011
8a Adjustments to income from Schedule 1, line 22		8a	
b Subtract line 8a from line 7b. This is your adjusted gross income		8b	
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	48,811

12a	Tax (see inst.) Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	12a	6,600	
b	Add Schedule 2, line 3, and line 12a and enter the total			12b 6,600
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 6,600
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 6,600
17	Federal income tax withheld from Forms W-2 and 1099			17 6,866
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 0
19	Add lines 17 and 18e. These are your total payments			19 6,866

Refund

Direct deposit? See instructions.

20	If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you overpaid	20	266
21a	Amount of line 20 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	21a	266
b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> 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.) <input type="text"/>
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.) <input type="text"/>
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> 3rd Party Designee <input type="checkbox"/> Self-employed
Firm's name	Phone no.			
Firm's address	Firm's EIN			

Filing Status

Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)

Check only one box.

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 Brenda	Last name Peterson	Your social security number 4 1 2 3 4 5 6 7 0
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. 567 Easy Street	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. <input type="checkbox"/> You <input type="checkbox"/> Spouse
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Marshfield, MA 02043		

Foreign country name	Foreign province/state/county	Foreign postal code	If more than four dependents, see instructions and <input type="checkbox"/> here ▶ <input type="checkbox"/>
----------------------	-------------------------------	---------------------	---

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):		(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions):	
(1) First name	Last name			Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

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 67,156
2a Tax-exempt interest	2a	2b 819
3a Qualified dividends	3a	3b
4a IRA distributions	4a	4b
c Pensions and annuities	4c	4d
5a Social security benefits	5a	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 67,975
8a Adjustments to income from Schedule 1, line 22		8a
b Subtract line 8a from line 7b. This is your adjusted gross income		8b 67,975
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 55,775

12a	Tax (see inst.) Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	12a	8,129
b	Add Schedule 2, line 3, and line 12a and enter the total	12b	8,129
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	8,129
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	8,129
17	Federal income tax withheld from Forms W-2 and 1099	17	8,366
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	0
19	Add line 17 and 18e. These are your total payments	19	8,366

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

Refund

Direct deposit? See instructions.

20	If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you overpaid	20	237
21a	Amount of line 20 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	21a	237
b	Routing number	c Type:	<input type="checkbox"/> Checking <input type="checkbox"/> 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

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.) <input type="text"/>
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.) <input type="text"/>
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> 3rd Party Designee <input type="checkbox"/> Self-employed
Firm's name	Phone no.			
Firm's address	Firm's EIN			

Filing Status

Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)

Check only one box.

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 Brenda		Last name Peterson	Your social security number 4 1 2 3 4 5 6 7 0
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. 567 East Street			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
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Marshfield, MA 02043			
Foreign country name		Foreign province/state/county	Foreign postal code
			If more than four dependents, see instructions and <input type="checkbox"/> here ▶ <input type="checkbox"/>

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) <input checked="" type="checkbox"/> if qualifies for (see instructions):	
				Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

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	67,156
2a Tax-exempt interest	2a	b Taxable interest. Attach Sch. B if required	2b 819
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 67,975
8a Adjustments to income from Schedule 1, line 22			8a
b Subtract line 8a from line 7b. This is your adjusted gross income			8b 67,975
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 55,775

12a	Tax (see inst.) Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	12a	8,129
b	Add Schedule 2, line 3, and line 12a and enter the total	12b	8,129
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	8,129
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	8,129
17	Federal income tax withheld from Forms W-2 and 1099	17	8,366
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	0
19	Add line 17 and 18e. These are your total payments	19	8,366

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

Refund

Direct deposit? See instructions.

20	If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you overpaid	20	237
21a	Amount of line 20 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	21a	237
b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> 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

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.) <input type="text"/>
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.) <input type="text"/>
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> 3rd Party Designee <input type="checkbox"/> Self-employed
Firm's name	Phone no.			
Firm's address	Firm's EIN			

Filing Status

Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)

Check only one box.

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 Jin		Last name Xiang	Your social security number 4 1 2 3 4 5 6 7 0
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. 2468 North Lake Road			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
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Deerwood, MN 56444			
Foreign country name		Foreign province/state/county	Foreign postal code
			If more than four dependents, see instructions and <input type="checkbox"/> here ▶ <input type="checkbox"/>

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) <input checked="" type="checkbox"/> if qualifies for (see instructions):	
				Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

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	52,019
2a Tax-exempt interest	2a	b Taxable interest. Attach Sch. B if required	2b 52
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 52,071
8a Adjustments to income from Schedule 1, line 22			8a
b Subtract line 8a from line 7b. This is your adjusted gross income			8b 52,071
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 39,871

12a	Tax (see inst.) Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	12a	4,631	
b	Add Schedule 2, line 3, and line 12a and enter the total	12b	4,631	
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	4,631	
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	4,631	
17	Federal income tax withheld from Forms W-2 and 1099	17	4,932	
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	0	
19	Add line 17 and 18e. These are your total payments	19	4,932	

Refund

Direct deposit? See instructions.

20	If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you overpaid	20	301
21a	Amount of line 20 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	21a	301
b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> 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

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.) <input type="text"/>
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.) <input type="text"/>
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> 3rd Party Designee <input type="checkbox"/> Self-employed
Firm's name	Phone no.			
Firm's address	Firm's EIN			

Filing Status

Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)

Check only one box.

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 Jose		Last name Suarez	Your social security number 4 1 2 3 4 5 6 7 0
If joint return, spouse's first name and middle initial Maria		Last name Suarez	Spouse's social security number 4 1 2 3 4 5 6 7 1
Home address (number and street). If you have a P.O. box, see instructions. 9876 Main Street			Apt. no.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Denver, CO 80205			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
Foreign country name		Foreign province/state/county	Foreign postal code
			If more than four dependents, see instructions and <input type="checkbox"/> here ▶ <input type="checkbox"/>

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) <input checked="" type="checkbox"/> if qualifies for (see instructions):	
				Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

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	105,304
2a Tax-exempt interest	2a	b Taxable interest. Attach Sch. B if required	2b 141
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 1,000
b Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income			7b 106,445
8a Adjustments to income from Schedule 1, line 22			8a
b Subtract line 8a from line 7b. This is your adjusted gross income			8b 106,445
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 82,045

12a	Tax (see inst.) Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	12a	9,763
b	Add Schedule 2, line 3, and line 12a and enter the total	12b	9,763
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	9,763
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	9,763
17	Federal income tax withheld from Forms W-2 and 1099	17	10,402
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	0
19	Add line 17 and 18e. These are your total payments	19	10,402

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

Refund

Direct deposit? See instructions.

20	If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you overpaid	20	639
21a	Amount of line 20 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	21a	639
b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> 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

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.) <input type="text"/>
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.) <input type="text"/>
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> 3rd Party Designee <input type="checkbox"/> Self-employed
Firm's name	Phone no.			
Firm's address	Firm's EIN			

SCHEDULE 1
(Form 1040 or 1040-SR)

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

▶ **Attach to Form 1040 or 1040-SR.**
▶ **Go to www.irs.gov/Form1040 for instructions and the latest information.**

OMB No. 1545-0074

2019
Attachment
Sequence No. **01**

Name(s) shown on Form 1040 or 1040-SR

Jose and Maria Suarez

Your social security number

412-34-5670

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions) ▶		
3	Business income or (loss). Attach Schedule C	3	
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation	7	1,000
8	Other income. List type and amount ▶	8	
9	Combine lines 1 through 8. Enter here and on Form 1040 or 1040-SR, line 7a	9	1,000

Part II Adjustments to Income

10	Educator expenses	10	
11	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	11	
12	Health savings account deduction. Attach Form 8889	12	
13	Moving expenses for members of the Armed Forces. Attach Form 3903	13	
14	Deductible part of self-employment tax. Attach Schedule SE	14	
15	Self-employed SEP, SIMPLE, and qualified plans	15	
16	Self-employed health insurance deduction	16	
17	Penalty on early withdrawal of savings	17	
18a	Alimony paid	18a	
b	Recipient's SSN ▶		
c	Date of original divorce or separation agreement (see instructions) ▶		
19	IRA deduction	19	
20	Student loan interest deduction	20	
21	Reserved for future use	21	
22	Add lines 10 through 21. These are your adjustments to income . Enter here and on Form 1040 or 1040-SR, line 8a	22	

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

Cat. No. 71479F

Schedule 1 (Form 1040 or 1040-SR) 2019