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SOLUTIONS FOR

QUESTIONS AND PROBLEMS

This is sample only, Download all	This	i s	s a n	n p l e	only,	D o w	n l o a	d a l l
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CHAPTER 1

THE INDIVIDUAL INCOME TAX RETURN

Group 1 - Multiple Choice Questions

1.	D	(LO 1.1)	7. C	(LO 1.5)	15. A	(LO 1.8)
2.	D	(LO 1.2)	8. E	(LO 1.6)	16. E	\$25,000 = \$275,000 -
3.	А	(LO 1.3)	9. C	(LO 1.6)		(\$285,000 - \$35,000) (LO 1.8)
4.	С	(LO 1.3)	10. C	(LO 1.6)	17. C	\$45,000 = \$48,000 - \$3,000
5.	В	\$98,000 - \$19,000 - \$3,900	11. B	(LO 1.6)		(LO 1.8)
		= \$75,100 (LO 1.3)	12. B	(LO 1.7)	18. B	(LO 1.9)
6.	С	6,100 + 3,900 = 10,000	13. B	(LO 1.7)	19. C	(LO 1.9)
		(LO 1.4)	14. E	(LO 1.8)	20. D	(LO 1.11)

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. \$36,500 = \$41,000 + 500 5,000.
 - b. **\$12,200**, the greater of itemized deductions or the standard deduction of \$12,200.
 - c. $\$16,500 = \$36,500 12,200 (2 \times \$3,900)$. (LO 1.3)
- 3. a. **\$23,000.**
 - b. \$6,100, the greater of total itemized deductions or the standard deduction amount.
 c. \$13,000 = \$23,000 6,100 3,900. (LO 1.3)
- 4. a. **\$52,700** = \$54,000 + 1,700 3,000 (\$7,000 capital loss limited to \$3,000)
 - b. **\$6,100**
 - c. **\$3,900**
 - d. \$42,700 = \$52,700 6,100 3,900 (LO 1.3)
- 5. Gross income
 - Deductions for adjusted gross income
 - = Adjusted gross income
 - Greater of itemized deductions or standard deduction
 - Exemptions
 - = Taxable income (LO 1.3)
- 6. a. \$48,079 = \$46,479 + 3,500 1,900.
 - b. \$12,200, the greater of itemized deductions or the standard deduction of \$12,200.
 - c. $$28,079 = $48,079 12,200 (2 \times 3,900).$
 - d. **\$3,319** (Tax Table) (LO 1.3 and 1.5)

7.	Adjust	ed gross income	\$17,400
	Less:	Itemized deductions	-2,250
		One exemption	-3,900
	Taxab	le income	<u>\$11,250</u>
	T II.	a' tow lightlity from the Tow Table	: \$1 345 (LO 1

Ulysses' tax liability from the Tax Table is **\$1,245**. (LO 1.3 and 1.5)

8. Adjusted gross income $(\$13,000 + 1,400)$	\$14,400
Less: Standard deduction	-6,100
Exemption	-3,900
Taxable income	<u>\$ 4,400</u>

(LO 1.3, 1.5, and 1.6)

(Note: See Chapter 6 for the tax computation for dependent college students under age 24.)

- 9. a. \$35,000 = \$45,000 6,100 3,900.
 - b. Taxpayers with incomes up to \$100,000 must use the tax tables.
 - c. **\$4,808.** (LO 1.3 and 1.5)
- 10. a. \$68,000 = \$50,000 + 10,000 + 5,000 + 3,000.
 - b. **\$64,800** = \$68,000 3,200.
 - c. **\$13,000**.
 - d. 5. Two personal and three dependency exemptions.
 - e. $$32,300 = $64,800 13,000 19,500 (5 \times 3,900).$
 - f. **\$3,956** (LO 1.3, 1.5, 1.6 and 1.7)
- 11. a. **\$87,000** = \$83,000 + 4,000.
 - b. **\$7,800** = 2 x \$3,900.
 - c. \$66,700 = 87,000 12,500 7,800. (LO 1.3, 1.5, 1.6 and 1.7)

12. Taxable income is: **\$30,000 =** \$40,000 - 6,100 - 3,900. Tax liability: \$4,058. (LO 1.3, 1.5, 1.6, 1.7)

- 13. Yes. Since Nicoula owes social security taxes on the unreported tips, she must file an income tax return. (LO 1.4)
- 14. a. No. Income is less than the sum of the \$3,900 exemption plus the \$6,100 standard deduction.
 - b. Yes. Unearned income was more than \$1,000. Also, gross income is more than the larger of \$1,000 or \$1,900 (earned income of \$1,550 plus \$350).
 - c. No. Their income is under \$21,200, the total of personal exemptions and the standard deduction.
 - d. No. Gross income is less than \$20,000, the total of personal exemptions and the 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.)

\$2,708.
\$3,233.
\$4,474.
\$3,484.
\$7,185. (LO 1.5)

16. a. D

- b. D
- c. A
- d. A
- e. B or C (LO 1.5)
- 17. a. Because their income exceeds \$100,000, the tax rate schedules must be used.
- b. \$17,357.50 = \$9,982.50 + 7,375 (25%(102,000 72,500)). (LO 1.5)
- 18. 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)
- 19. 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)

- 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; qualifying dependent. (LO 1.5)
- 21. a. Yes, her son qualifies as a dependent.
 - 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)
- 22. a. **2.** One personal and one dependency.
 - b. 2. Two personal. The sister does not qualify as a dependent, because her gross income was \$3,900.
 - c. 2. One personal and one dependency.
 - d. 2. One personal and one dependency.
 - e. **2.** Two personal. (LO 1.6)
- 23. **\$11,700.** 3 exemptions at \$3,900 each. (LO 1.6)
- 24. 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)
- 25. No. Phillip cannot be claimed as a dependent because he is not a U.S. citizen. (LO 1.6)
- 26. The standard deduction is an 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 expense, 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)

- 27. \$1,520 = AGI = \$240,000Threshhold \$200,000\$40,000Investment Inc. \$90,000Lesser of above \$40,000 x 3.8% (LO 1.9)
- 28. 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 Internet sites. (LO 1.10)
- 29. 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 1.10)
- 30. Instructions are not reproduced here. Current year's instructions should be available. (LO 1.10)
- 31. As of the date this solutions manual was prepared, the answers were: a. <u>www.ftb.ca.gov</u>
 - b. <u>www.tax.ny.gov</u> (LO 1.10)

Group 3 - Writing Assignments

1. Research Solution:

Whittenburg, Gill, and Altus-Buller, CPAs San Diego, CA February 20, 20xx

Mr. and Mrs. William Carson 3276 Lakeline Drive San Diego, CA

Dear William and Sheila,

Thanks 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 relationship, domicile, joint return, citizenship, and self-support test, he does not meet the age test. Even though he is a full-time student and under the age of 24, 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 makes less than \$3,900.

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 don't hesitate to call.

Sincerely, Trevor Malcolm for Whittenburg, Gill, and Altus-Buller, CPAs

2. Ethics Solution:

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 joint or married filing separate. In order to file 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 Jason and Mary to file single, it would be against the law.

Group 4 - Comprehensive Problems

- 1. See page 31.
- 2A. See pages 32 and 33.
- 2B. See pages 34 and 35.

Group 5 - Cumulative Software Problem

The solution to the Cumulative Software Problem is posted on the Internet site for the text at *http://www.cengage.com/taxation/whittenburg*.

Comprehensive Problem 1

Form	Income Tax Ref	urn for Single and	d					
1040EZ		No Dependents		2013			OMB No. 1545-0074	
Your first name a	nd initial	Last name				Ycur	social security num	ber
Patty		Bayan				46	6 33 1234	7
If a joint return, s	pouse's first name and initial	Last name 0				Spour	se's social security ru	mber
Homeaddrass In	umber and street). If you have a P	O hav easingtructions			Apt no.	-		
543 Space	•	O. DOX, SEE INSUGGOIS.			Apt no.		Make sure the SSN above are correct	
	office, state, and ZIP code. If you have	a foreign address, also complet	te spaces below (s	ee instructions).		Presid	dential Election Campa	5702
Houston	TX 77099	5. S				Check h	here if you, or your spouse i	if filing
Foreign country r		Foreign	province/state/co	ounty	Foreign postal code		want \$3 to go to this fund. (elow will not change you ta	
		A restro				refund.	You Ds	
Income		and tips. This should be s	hown in box 1	of your Form(s) V	V-2.	-	10 100	
Attach	Attach your Form	r(s) W-2.				1	19,400	<u> </u>
Form(s) W-2	2 Taxable interest.	If the total is over \$1,500	, non cannot n	Earm 1040EZ		2		
here.		ii the total is over \$1,500	, you cannot u	se Form T040EZ.		~		<u> </u>
Enclose, but do not attach, any payment.	3 Unemployment c	ompensation and Alaska	Permanent Fu	nd dividends (see	instructions).	3		<u> </u>
	4 Add lines 1, 2, ar	d 3. This is your adjuste	d gross incom	e	-	4	19,400	
	5 If someone can c	aim you (or your spouse	if a joint return	n) as a dependent,	check	1		
	the applicable bo	x(es) below and enter the	amount from	the worksheet on b	back.			
	You T	Spouse				10		
		m you (or your spouse if			ingle;	-	10 000	
		ed filing jointly. See bac om line 4. If line 5 is large				5	10,000	<u> </u>
	This is your taxa		er man mie 4, e	enter -0	•	6	9 400	
Daymonto	Contraction of the local division of the loc	ax withheld from Form(s)) W-2 and 1099).		7	3 000	-
Payments, Credits,	8a Earned income	credit (EIC) (see instruc	tions).		100	8a	- 0,000	
and Tax	b Nontaxable comb	the second s		8b				
		a. These are your total p			•	9	3,000	_
		ount on line 6 above to fin a, enter the tax from the ta			3	10	068	
Defined		than line 10, subtract line			und.	10	968	<u> </u>
Refund		tached, check here [. This is your rea	inco.	11a	2 032	
Have it directly deposited! See	b Routing number			No. Trans.				
instructions and fill in 11b, 11c,	b Routing number			▶ c Type: □ ⊂	hecking 🛄 Sav	ings		
and 11d or	► d Account number		1	1111	1 1 1 1			
Form 8888.	12 If line 10 is larger	than line 9, subtract line	0 from line 10	This is	<u> </u>			
Amount You Owe		we. For details on how to			•	12		
Th: 1 P	Do you want to allow ano				ions)? Yes		plete below.	No
Third Party Designee	Designee's		Phone		Personal ident			
Designee	name 🕨		no. 🕨		number (PIN)			
Sign Here	Under penalties of perjury, I accurately lists all amounts a on all information of which th	declare that I have examine nd sources of income I recei e preparer has any knowledg	d this return and ved during the ta le.					
Joint return? See	Your signature		Date	Your occupation	122 122 122 123 123 123 123 123 123 123	Daytme	e phone number	
instructions.	Spouse's signature. If a joint	etum both must sign	Date	Parking Al		li the DC	aant van en Identite Dert	laction
Keep a copy for your records.	opouse's signature. It a joint	ietum, both must sign.	Date	opouse s occupat		PIN, enter	sent you an Identity Prot	ection
	Print/Type preparer's name	Preparer's signature		Date		here (see	DThi	
Paid		i tokara o alduara o		Date		Check self-emp	IT	
Preparer	Firm's name 🕨			Fi	misElN ►			
Use Only	Firm's address >				ione no.			
For Disclosure, F	rivacy Act, and Paperwork Re	duction Act Notice, see inst	tructions.	Cat. No	. 11329W		Form 1040EZ	(2013)

Comprehensive Problem 2A

Form		rtment of the Treasury-				0010					
1040A		6. Individual Ir		ax Return	(99)	2013	IR	S Use Only	y-Do not	t write or staple in thi	is space
Your first name and ir	nitial		Last name							OMB No. 1545-007	
1										r social security nur	
Leon If a joint return, spous	ale firet r	ama and initial	Last name	20						57 74 445 use's social security n	
1 1	00 0 11 0(1	ane and midai	/							56 47 331	
Leslie Home address (numb	er and st	reet). If you have a P.O.		tions.			- T	Apt. no.	_	Make sure the SSN(s	
								10		and on line 6c are c	
City, town or post office	, state, an	Hive d ZIP code. If you have a fe	oreign address, als	so complete space:	s below (see	instructions).	-		Pre	sidential Election Car	mpaign
Reno, NV	8210	02								here if you, or your spouse want \$9 to go to this fund	
Foreign country name	Э			Foreign provinc	ce/state/co	unty	Foreig	in postal co	de a box	below will not change your	
									refund		
Filing	1	Single								ng person). (See insti	
status	2	Married filing jo						g person d's name		d but not your depe	endent
Check only one box.		full name here.	arately, Enter a	spouse s oon a						ndent child (see inst	tructions
Exemptions	6a	J Yourself. If	someone o	an claim vo	u as a c				1	Boxes	
Exemptions			ox 6a.							checked on 6a and 6b	2
	b	Spouse								No. of children	
	c	Dependents:		(2) Dependen	t's social	(3) Depender	nt's		child under alitying for	 on 6c who: lived with 	
If more than six				security nu		relationship to		child tax	credit (see	you	1
dependents, see instructions.		(1) First name	Last name			0		instru	ctions)	 did not live with you due to 	
insu uctions.		Lyle	Lazo	552 52	5552	Son			_	 divorce or separation (see 	
	-							-	-	instructions)	
	-							i i	-	Dependents	
										 on 6c not entered above 	
								[[Add numbers 	
		12 V V V V		20 0						on lines	3
-	d	Total number of	exemption	s claimed.	-		1		-	above►	Ļ
Income	7	Wages, salaries	tine ato A	Hach Form	(a) W_2		e 11		7	50 000	
Attach	-	wages, said les	, tips, etc. r	Allacit Form	(5) 11-2.	_	1	-	- 1	50,000	+
Form(s) W-2	8a	Taxable interes	t. Attach So	hedule B if	required	i.			8a		
here. Also	b	Tax-exempt int									1
attach Form(s)	9a	Ordinary divider			if requir				9a	1	
1099-R if tax	b	Qualified divide				9b					
was withheld.	10	Capital gain dis	tributions (s	ee instructio	ons).	441 T	1		10		-
	na	IRA distributions.	11a			11b Taxab		tions).	115		
If you did not get a W-2, see	12a	Pensions and	IIa			12b Taxab			116	,	+
instructions.		annuities.	12a				struc	tions).	12b	x	
	13	Unemployment	compensat	ion and Alas	ska Perr				13		
	14a	Social security				14b Taxab					
		benefits.	14a			(see in	struc	ctions).	145)	+
	15	Add lines 7 thro	uah 14b (fa	r right colun	nn), This	s is your total	inco	ome. 🕨	15	50,000	
	1.					year total			10	00,000	1
hoteuhA		E-b	eae (eao inc	structions).		16					
Adjusted	16	Educator expen	363 (366 113								
gross	16 17	IRA deduction (ions).		17					
			see instruct		tructions	17					
gross	17 18	IRA deduction (Student loan inte	see instruct erest deduc	tion (see inst	tructions	17 s). 18			=		
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gross	17 18	IRA deduction (Student loan inte	see instruct erest deduc s. Attach Fo	tion (see inst rm 8917.		17 s). 18 19					.
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Tax, credits,	22	Enter the amount from line 21 (adjusted gross income).	22 50.00	10
nd	23a	Check [You were born before January 2, 1949, Blind] Total boxes		
ayments		if: Spouse was born before January 2, 1949, Blind J checked > 23a		
aymente	b	If you are married filing separately and your spouse itemizes		
tandard		deductions, check here ► 23b		
or-	24	Enter your standard deduction.	24 12.20	0
People who	25	Subtract line 24 from line 22. If line 24 is more than line 22, enter -0	25 37.80	
tieckiany oxionilne	26	Exemptions. Multiply \$3,900 by the number on line 6d.	26 11.70	
3a or 23b or	27	Subtract line 26 from line 25. If line 26 is more than line 25, enter -0	1,10	<u>×</u> +-
ho can be laimed as a	V1	This is your taxable income.	▶ 27 26,10	0
ependent, ee	28	Tax, including any alternative minimum tax (see instructions).	28 3.02	
structions.	29	Credit for child and dependent care expenses. Attach	0,02	<u>v 1</u>
All others:		Form 2441. 29		
ingle or larried filing	30	Cradit for the elderly or the disabled. Attach		
eparately, 5,100		Schedule R. 30		
larried filing	31	Education credits from Form 8863, line 19. 31		
pintly of	32	Retirement savings contributions credit. Attach		
ualifying idow(er), 12,200	VL	Form 8880. 32		
12,200 ead of	33	Child tax credit. Attach Schedule 8812, if required. 33		
ousehold,	34	Add lines 29 through 33. These are your total credits.	34	1
8,950	35	Subtract line 34 from line 28. If line 34 is more than line 28, enter -0 This is	1000	
	55	your total tax.	35 3.02	
	36	Federal income tax withheld from Forms W-2 and	0,02	0
	30	1099. 36 <i>4,600</i>		
	37			
you have	31	2013 estimated tax payments and amount applied		
qualifying hild, attach		from 2012 return. 37		
chedule	38a	Earned income credit (EIC). 38a	<u> </u>	
IC.	b	Nontaxable combat pay		
	- 20	election. 38b		
	39	Additional child tax credit. Attach Schedule 8812 39		
	40	American opportunity credit from Form 8863, line 8. 40		
	41	Add lines 36, 37, 38a, 39, and 40. These are your total payments.	▶ 41 4,60	10
Refund	42	If Ine 41 is more than line 35, subtract line 35 from line 41.		
	- 10	This is the amount you overpaid.	42 1,57	
irect	43a	Amount of line 42 you want refunded to you. If Form 8888 is attached, check here I	▶ <u></u> 43a 1,57	4
eposit? ee		Pauting		
	b b	Routing Checking Savings		
structions	► b	number		
structions nd fill in	► d	Account		
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structions Id fill in 3b, 43c, Id 43d or orm 8888. mount ou owe hird party esignee iign ere oint relum? see instructions.	d 44 45 46 Do De nar Un and tha You Sp	number Constructions Account number Amount of line 42 you want applied to your 2014 estimated tax. Amount of line 42 you want applied to your 2014 estimated tax. 44 Amount you owe. Subtract line 41 from line 35. For details on how to pay, see instructions. 46 Estimated tax penalty (see instructions). 46 you want to allow another person to discuss this return with the IRS (see instructions)? Yerson number Ignee's Phone number Prone Person number If the taxpayer) is based onall information of which the preparer has any knowledge. Date If signature Date Your occupation Batcher Spouse's occupation	► 45 s. Complete the following ial identification r (PIN) ► nents, and to the best of my tax year. Declaration of preg Daytme phone number	kriowle parer (o
structions nd fill in sb, 43c, nd 43d or orm 8888. mount ou owe hird party esignee Sign ere point return? se instructions. seep a copy ryour records.	d 44 45 46 Do De nar Un annon tha You Sp	number	45 S. Complete the following al identification r (PIN) Dest of my tax year. Declaration of preg Daytme phone number If the IRS sent you an Identity PIN, wifer it here (see linst.)	kriowlei parer (of
structions nd fill in 3b, 43c, nd 43d or orm 8888. mount ou owe hird party lesignee bint return? ee instructions. eeep a copy r your records. aid	d 44 45 46 Do De nar Un annon tha You Sp	number Contrype. Contecking Contrype. Account number Contrype. Contrype. Contrype. Amount of line 42 you want applied to your 2014 estimated tax. 44 Amount you owe. Subtract line 41 from line 35. For details on how to pay, see instructions. Estimated tax penalty (see instructions). 46 you want to allow another person to discuss this return with the IRS (see instructions)? Yes Ignee's Phone Person No Phone Person numbe Phone Person If particle, they are true, correct, and accurately list all amounts and sources of income I received during the in the taxpayer) is based onall information of which the preparer has any knowledge. If signature Date Your occupation Batcher Spouse's occupation Homemaller	► 45 s. Complete the following in (PIN) ►	kriowled parer (of
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Comprehensive Problem 2A, cont.

Comprehensive Problem 2B

Form 1040A			ury-Internal Revenu			2013		0.11 0-1		the second of the state	
Your first name and	Contraction of the second	5. Individua	Last name	ax Ret	JLU (99)	2013	II:	IS Use Only		write or staple in this	
rour instriante and	11110.01		Lasthame							OMB No. 1545-007 social security nur	
Abigail			R	exer						6 73 331	
If a joint return, spo	ouse's first n	ame and initial	Last name	wer						se's social security n	
										1 1	
Home address (nur	mber and st	reet). If you have a	P.O. box, see instruc	tions.				Apt. no.	A N	fake sure the SSN(s	aboy
3456 Alam	o Wag									and on line 6c are o	
City, town or post off	ice, state, an	d ZIP code. If you have	e a foreign address, al	so complete	spaces below (see	instructions).	<u></u>		Pres	idential Election Car	mpaig
San Antoni	0, 1X 1	78249							Check h	iere if you, or your spouse want \$3 to go to this fund.	e if filing
Foreign country na	me			Foreign p	rovince/state/co	unty	Forei	gn postal co	de a box b	elow will not change your	
									refund.	You 🗌	1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-
Filing	1 [Single		Î.						g person). (See instr	
status	2 [g jointly (even if							but not your depe	ender
Check only one box.	3 [full name here	separately. Enter	spouse's t	SIN above and	77	10733-07594	d's name l	ALC: NO REAL PROPERTY OF	ndent child (see inst	
	60	000000 00000	If someone	aon alain					ui deper	Boxes	truction
Exemption	IS Va	M Toursen.	box 6a.	can ciali	n you as a c	dependent, d	0 110	CHECK		checked on	1
	b	Spouse	box oa.							6a and 6b No. of children	-
	c	the same same of						(4) V if a	chid under	on 6c who:	
If more than six		Dopolition			ndent's social	(3) Depende relationship te		age 17 qua	alitying for	• lived with you	1
dependents, see		(1) First name	Last name	secu	nity number	leiauonsnip k	you	child tax of instruct	tions)	• did not live	-
instructions.		Helen	Boxer	676	73 3312	Daughter				with you due to divorce or	
						0				separation (see	
										instructions)	-
										Dependents on 6c not	
										entered above	_
						1				Add numbers	_
	d	Total number	r of exemptior					_		on lines above ►	2
Income	u	Totarnumbe	i oi exemptioi	is claime	iu.			-	_	abover	⊨
income	7	Wages, sala	ries, tips, etc. /	Attach F	orm(s) W-2.		- U		7	42,500	
Attach		Fragee, ean	icel liper citer,	litudini			-		i i		+
Form(s) W-2	8a	Taxable inte	rest. Attach S	chedule	B if required	d.			8a	230	
here. Also	b	Tax-exempt	interest. Do n	not inclu	de on line 8	a. 8b					
attach Form(s)	9a		dends. Attach			red.			9a		
1099-R if tax	b		idends (see in:			9b					
was	10		distributions (see instr	uctions).				10		
withheld.	11a	IRA						nount			
lf you did not get a W-2, see	10-	distributions			_			ctions). nount	11b		+
instructions.	12a	Pensions an annuities.	u 12a					ctions).	12b		
		annunes.	12a			(566 1	Istru	ctions).	120		+
	13	I Inem ploym	ent compensa	tion and	Alaska Per	manent Fund	divid	lende	13		
		Social secur		uorr arta	Aldona i on	14b Taxat			10		+
		benefits.	14a					ctions).	14b		
				a						No. A Contraction	+
	15	Add lines 7 t	hrough 14b (fa	ar right c	olumn). This	s is your tota	linc	ome. 🕨	15	42,730	
Adjusted											
gross	16		penses (see in		is).	16					
income	17		on (see instruct			17					
	18	Student loan	interest deduc	ction (see	instruction	s). 18			_		
	10	Tuition and f	ana Attach Fr			10					
	19 20		ees. Attach Fo through 19. T			19 adjustmonts			- ₂₀		1
		Add intes 10	unough 19. Il	ଲିକ୍ଟର ଆକ	your total	aujusunems			20		+
	21	Subtract line	20 from line 1	5. This i	s vour adiu	sted aross i	ncon	ne. 🕨	- 21	42,730	
Fan Dia ala aun			erwork Reduct								1001

orm 1040A (Pag
ax, credits,	22	Enter the amount from line 21 (adjusted gross incom			22	42,730
nd	23a	Check [You were born before January 2, 1949, Bli				
ayments		if: C Spouse was born before January 2, 1949, Eli		ed ► 23a		
	b	If you are married filing separately and your spouse	itemizes			and the second se
andard eduction		deductions, check here		► 23b		
r	24	Enter your standard deduction.	_		24	8,950
People who- leck any	25	Subtract line 24 from line 22. If line 24 is more than I		er -0 📃	25	33,780
ox on line	26	Exemptions. Multiply \$3,900 by the number on line			26	7,800
Ba or 23b or ho can be	27	Subtract line 26 from line 25. If line 26 is more than I	line 25, ent	er -0		
aimed as a		This is your taxable income.			▶ 27	25,980
ependent,	28	Tax, including any alternative minimum tax (see inst	ructions).		28	3 259
structions.	29	Credit for child and dependent care expenses. Attac	ch			
All others: ngle or		Form 2441.	29			
arried filing	30	Credit for the elderly or the disabled. Attach				
eparately, 3,100		Schedule R.	30			
larried filing	31	Education credits from Form 8863, line 19.	31		<u> </u>	
intly or ualifying	32	Retirement savings contributions credit. Attach	01		<u> </u>	
idow(er) 📰	UL.	Form 8880.	32			
12,200 ead of	33	Child tax credit. Attach Schedule 8812, if required.	33			
ousehold.			Provide surveyore		L	1
3,950	34	Add lines 29 through 33. These are your total credit		or O This	34	
	35	Subtract line 34 from line 28. If line 34 is more than I	ine 28, ent	er -0 This	Set of the	2
	00	your total tax.			35	3,259
	36	Federal income tax withheld from Forms W-2 and				
	_	1099.	36	5,160		
you have	37	2013 estimated tax payments and amount applied				
qualifying		from 2012 return.	37			
nild, attach chedule	38a	Earned income credit (EIC).	38a			
C.	b	Nontaxable combat pay				
		election. 38b				
	39	Additional child tax credit. Attach Schedule 8812.	39			
	40	American opportunity credit from Form 8863, line 8.	40			
	41	Add lines 36, 37, 38a, 39, and 40. These are your to		nts	▶ 41	5.160
- 635.J - 45	42	If line 41 is more than line 35, subtract line 35 from li		110.	P -11	5,100
efund		This is the amount you overpaid.	110 411		42	1.901
	43a	Amount of line 42 you want refunded to you. If Form 8888	in attached	abook boro		
rect sposit?	454		5 IS attached	, CHECK HELE	- 43a	1,901
æ	► b	Routing ► c Type:	Checking	Savings		
structions d fill in		number				
sb. 43c.	► d	Account				
d 43d cr						
orm 8883.	44	Amount of line 42 you want applied to your				
		2014 estimated tax.	44			
mount	45	Amount you owe. Subtract line 41 from line 35. For	r details on	how to pay		
ou owe		see instructions.			▶ 45	
	46	Estimated tax penalty (see instructions).	46			
hird party	Do	you want to allow another person to discuss this return with the IF	RS (see instru	ctions)? 🗌 Ye	s. Complete	the following.
		ignee's Phone			nal identification	
esignee	nar				er (PIN)	>
	Un	ler peralties of perjury, I decare that I have examined this return and accor	mpanying sche	dules and stater	nents, and to th	he best of my knowl
ign	tha	belief they are true, correct, and accurately list all amounts and sources on the taxpayer) is based on all information of which the preparer has any known	or income i rec iowledge.	erved during the	tax year. Decis	autorr or preparer (
ere			our occupation		Daytime ph	none number
int rotun 0			Account	ant		
	Sn	use's signature. If a joint return, both must sign. Date S	Spouse's occup		If the IPS one	t you an Identity Protec
e instructions.	- U	see a war ware in a part rount, we will dot orgit. Date 0	the same a country		PIN, enter it	
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point return? ee instructions. eep a copy r your records. aid reparer				Date	self-employed	1
ee instructions. eep a copy r your records.		t/type preparer's signature I's name ►		Dale		1

Comprehensive Problem 2B, cont.

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36 Chapter 1 – The Individual Income Tax Return

Key Number Tax Return Summary

Chapter 1

Comprehensive Problem 1

Adjusted Gross Income (Line 4)	19,400
Taxable Income (Line 6)	9,400
Tax Liability (Line 10)	968
Tax Overpaid (Line 11a)	2,032

Comprehensive Problem 2A

Adjusted Gross Income (Line 21)	50,000
Deductions (Line 24)	12,200
Exemptions (Line 26)	11,700
Tax Liability (Line 35)	3,026
Tax Overpaid (Line 42)	1,574

Comprehensive Problem 2B

Adjusted Gross Income (Line 21)	42,730
Deductions (Line 24)	8,950
Exemptions (Line 26)	7,800
Tax Liability (Line 35)	3,259
Tax Overpaid (Line 42)	1,901

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