

CHAPTER 1

THE INDIVIDUAL INCOME TAX RETURN

Group 1 – Multiple Choice Questions

1. D The income tax was authorized by the 16th Amendment in 1913 (LO 1.1)
2. C The 1040A and 1040-EZ no longer exist and the 1120 is for corporations (LO 1.2)
3. D Partnerships use Form 1065 to report income tax information. A partner will report his or her share of income from a partnership on a Form 1040 (LO 1.2)
4. D Capital gains and losses are reported directly on the face of the Form 1040 (from Schedule D) (LO 1.2)
5. C Student loan interest is a for AGI deduction. The other responses are all itemized (from AGI) deductions (LO 1.3)
6. B The deduction for IRA contributions is a for AGI deduction (LO 1.3)
7. C \$98,000 – \$12,550 (standard deduction exceeds itemized deductions) (LO 1.3)
8. C Ben's income would need to exceed the standard deduction to require filing a tax return (LO 1.4)
9. C Joan qualifies as either single or head of household; however, head of household is more advantageous (LO 1.5)
10. D Although Dorothy does not live with Glenda, since Dorothy is a parent that Glenda supports, Glenda may file as head of household (LO 1.5)
11. E Either Margaret or her sister (but not both) may claim the mother as a dependent under a multiple support agreement (LO 1.6)
12. D The daughter fails the age test to be a qualifying child and she fails the gross income test (\$4,300 in 2021) to be a qualifying relative (LO 1.6)
13. E The child tax credit for a child age 6 or over in 2021 is \$3,000 (LO 1.6)
14. C The child tax credit for the 13-year-old child is \$3,000. The mother does not meet the support test and cannot be claimed (LO 1.6)
15. B You are not eligible for an EIP if you are claimed as a dependent (LO 1.7)
16. B The additional RRC of \$1,400 for the new child can be claimed as an additional refundable credit (LO 1.7)
17. E Head of household standard deduction plus additional standard deduction for age 65 (\$18,800 + \$1,700) (LO 1.8)
18. B Taxpayers age 65 or older are eligible for an additional standard deduction amount (LO 1.8)
19. B Taxpayers that are blind are eligible for an additional standard deduction amount (LO 1.8)
20. D Business inventory is not considered a capital asset (LO 1.9)
21. A Gain of \$15,000 (\$25,000 amount realized less \$10,000 adjusted basis) has been held for more than 12 months and is long-term (LO 1.9)
22. C $\$10,000 = \$240,000 - (\$270,000 - \$40,000)$ (LO 1.9)
23. A $\$43,000 - \$3,000$. Net capital losses of up to \$3,000 may be deducted from ordinary income for individual taxpayers (LO 1.9)
24. A Line 5 is total 2021 payments (LO 1.10)
25. B A revenue ruling is an official interpretation by the IRS of the Internal Revenue Code (LO 1.10)
26. B About 94% of returns are filed electronically (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. **\$36,300** = \$42,000 + \$300 – \$6,000.
b. **\$25,100**, the greater of itemized deductions or the standard deduction of \$25,100.
c. **\$11,200** = \$36,300 – \$25,100. (LO 1.3)
3. a. **\$25,000**.
b. **\$12,550**, the greater of total itemized deductions or the standard deduction amount.
c. **\$12,450** = \$25,000 – \$12,550. (LO 1.3)

4. a. **\$53,800** = \$54,000 + \$2,800 – \$3,000 (\$7,000 capital loss limited to \$3,000).
 b. **\$12,550**
 c. **\$41,450** = \$54,000 – \$12,550. (LO 1.3 and 1.9)

5. a. **\$47,500** = \$48,000 + \$2,500 – \$3,000.
 b. **\$25,100**, the greater of itemized deductions or the standard deduction of \$25,100.
 c. **\$22,400** = \$47,500 – \$25,100.
 d. **\$2,293** (Tax Table) (LO 1.3, 1.5, and 1.8)

6. Adjusted gross income	\$18,000
Less: Itemized deductions	<u>-2,400</u>
Taxable income	<u>\$15,600</u>

Marco's tax liability from the Tax Table is **\$1,676**. Note: because they are married and filing separately and Marco's spouse Tatiana itemizes her deductions, Marco must also itemize his deductions, even though the itemized deductions total is less than the standard deduction he would be otherwise entitled to. (LO 1.3, 1.5, and 1.8)

7. Adjusted gross income (\$13,200 + \$1,450)	\$ 14,650
Less: Standard deduction	<u>-12,550</u>
Taxable income	<u>\$ 2,100</u>

(LO 1.3, 1.5, and 1.8)

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

8. a. **\$34,450** = \$47,000 – \$12,550.
 b. Tax tables. Taxpayers with income up to \$100,000 must use the tax tables.
 c. **\$3,938**. (LO 1.3, 1.5, and 1.8)

9. a. **\$66,000** = \$50,000 + \$8,000 + \$5,000 + \$3,000.
 b. **\$63,500** = \$66,000 – \$2,500.
 c. **\$25,100**, the greater of itemized deductions or the standard deduction of \$25,100.
 d. **\$38,400** = \$63,500 – \$25,100.
 e. **\$4,213** (LO 1.3, 1.5, and 1.8)

10. a. **\$89,400** = \$85,400 + \$4,000.
 b. **\$0**.
 c. **\$64,200** = \$89,400 – \$25,200. (LO 1.3, 1.5, 1.6, and 1.8)

11. Taxable income is: **\$28,450** = \$41,000 – \$12,550. Tax liability from the tax tables not the tax rate schedules: **\$3,218**. (LO 1.3, 1.5, and 1.8)

12. **Yes**. Since Griffin owes Social Security taxes on the unreported tips (greater than \$400), he must file an income tax return. (LO 1.4)

13. a. **No**. Income is less than the \$12,550 standard deduction.
 b. **Yes**. Unearned income was more than \$1,100. Also, gross income is more than the larger of \$1,100 or \$1,900 (earned income of \$1,550 plus \$350).
 c. **No**. Their income is under the \$26,450 standard deduction [\$25,100 + \$1,350 (over 65 years old)].
 d. **Yes**. Gross income is greater than \$25,100, the 2021 standard deduction.
 e. **Yes**. His earnings exceeded the \$400 limit for self-employed persons.
 (Note: All answers can be found in the figures in LO 1.4.)

14. Allen **\$2,324**.
 Boyd **\$2,744**.
 Caldwell **\$3,895**.
 Dell **\$3,013**.
 Evans **\$5,643**. (LO 1.5)

15. a. D
 b. D
 c. A
 d. A
 e. B or C (LO 1.5)
16. a. Because their income exceeds \$100,000, the tax rate schedules must be used.
 b. $\$14,817 = \$9,328 + 22\% \times (\$106,000 - \$81,050)$. (LO 1.5)
17. They may file either as married filing jointly or married filing separately. They must file married, since they were married by year-end. (LO 1.5)
18. **Head of household.** Maggie's parents meet the tests to qualify as her dependents. Maggie is single. Additionally, she provides a home for her parents. Parents are the only exception to the requirement that dependents must live in the same household as the taxpayer to qualify the taxpayer for head of household status. (LO 1.5)
19. **Single.** Unmarried with no dependent.
Head of household. Single or abandoned spouse, with qualifying dependent.
Qualifying widow(er). Spouse died within the past 2 years and has a qualifying dependent. (LO 1.5)
20. a. **Yes**, his son qualifies as a dependent, meeting the tests of a qualifying relative.
 b. **No.** His son must live in the same household as Marquez, so Marquez cannot use the head of household filing status. (LO 1.5 and 1.6)
21. a. **Yes** **\$500** other dependent credit
 b. **No** (fails \$4,300 gross income test) **\$0**
 c. **Yes** **\$3,000** child tax credit
 d. **Yes** **\$500** other dependent credit
 e. **No** **\$0** (LO 1.6)
22. **\$0.** Exemptions were suspended for tax years 2018–2025. **\$6,000.** Both children qualify for the \$3,000 child tax credit. (LO 1.6)
23. **No.** Because Charles is self-supporting, his parents may not claim him as a dependent. The self-support test is applied to both children and relatives who otherwise qualify, so Charles is disqualified either way. (LO 1.6)
24. **No.** Phillip cannot be claimed as a dependent because he is not a U.S. citizen or a resident of the U.S., Canada, or Mexico. (LO 1.6)
25. **EIP \$2,800.** For Luke and Vanessa only.
RRC \$4,200. Luke and Vanessa's \$2,800 EIP plus \$1,400 for a qualifying dependent. (LO 1.7)
26. The standard deduction is a specific dollar amount that varies with filing status, age and vision, but not by type of individual deduction. Total itemized deductions depend on the amount and type of items, with some items having limitations based on AGI. They include medical expenses, certain taxes, certain interest expenses, charitable contributions and miscellaneous deductions.
 A taxpayer should claim the larger of the standard deduction or the total allowed itemized deductions to reduce the taxpayer's income subject to tax as much as possible. (LO 1.8)
27. The answer will vary depending on the date the problem is assigned and completed. The purpose of the problem is to familiarize the student with the IRS website. (LO 1.10)
28. 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)
29. A number of articles in the blog indicate the limit for student loan interest deduction is **\$2,500**. (LO 1.10)

Group 3 – Writing Assignments

1. Research Solution:

Whittenburg and Gill, CPAs
San Diego, CA
February 20, 20xx

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

Dear William and Sheila,

Thank you for requesting my advice concerning the tax treatment of your brother Jerry. I have researched your question and am sorry to say that you cannot claim Jerry as a qualifying child.

Although Jerry meets the domicile, age, joint return, citizenship, and self-support test, he does not meet the relationship test. Even though he is William's brother, in order to be your qualifying child, he must be younger than at least one of you.

Although you can't claim him as a qualifying child, there is a possibility that you could claim Jerry as a qualifying relative if he earns less than \$4,300.

My conclusion is based upon the facts that you have provided me. I'm sorry that the news was not more favorable. If you have any questions or would like further explanation, please do not hesitate to call me.

Sincerely,
Trevor Malcolm
for Whittenburg and Gill, CPAs

2. Ethics Solution:

To: JasonandMary@email.com
Subject: Inquiry on filing status: single v. married filing jointly

Jason and Mary,

Thank you for your e-mail regarding your filing status for 2021. Let me also say, I really enjoyed your wedding ceremony and reception. Thank you for inviting me.

Your e-mail stated that you had prepared your 2021 taxes as both single and married filing jointly and found that your refund would be larger if both of you filed as single. Unfortunately, the tax law is very clear on this issue. Individuals who are married as of the last day of the tax year are considered to be married. Married taxpayers have only two filing status options: married filing jointly or married filing separately. In order to file as single, taxpayers must be unmarried or legally separated from their spouse as of the last day of the tax year. Not only would it be unethical for you to file as single, it would be against the law.

The additional tax that married couples sometimes encounter is known as the "marriage penalty." Hopefully you are finding that your wedded bliss outweighs the tax penalty! If you have any questions or would like further explanation, please do not hesitate to call me.

Your friend,
Trevor Malcolm
For Whittenburg and Gill, CPAs

Group 4 – Comprehensive Problems

- 1A. See page 1-5 and 1-6.
- 1B. See page 1-7 and 1-9.
- 2A. See pages 1-10 and 1-11.
- 2B. See pages 1-12 and 1-13.

Group 5 – Cumulative Software Problem

The solution to the Cumulative Software Problem is posted on the website for the textbook at www.cengage.com/login.

Comprehensive Problem 1A, cont.

Form 1040 (2021)		Page 2
16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16 898
17	Amount from Schedule 2, line 3	17
18	Add lines 16 and 17	18 898
19	Nonrefundable child tax credit or credit for other dependents from Schedule 8812	19
20	Amount from Schedule 3, line 8	20
21	Add lines 19 and 20	21
22	Subtract line 21 from line 18. If zero or less, enter -0-	22 898
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23
24	Add lines 22 and 23. This is your total tax ▶	24 898
25	Federal income tax withheld from:	
a	Form(s) W-2 25a 1,208	
b	Form(s) 1099 25b	
c	Other forms (see instructions) 25c	
d	Add lines 25a through 25c 25d 1,208	
26	2021 estimated tax payments and amount applied from 2020 return 26	
27a	Earned income credit (EIC). Check here if you had not reached the age of 19 by December 31, 2021, and satisfy all other requirements for claiming the EIC. See instructions <input type="checkbox"/> 27a	
b	Nontaxable combat pay election 27b	
c	Prior year (2019) earned income 27c	
28	Refundable child tax credit or additional child tax credit from Schedule 8812 28	
29	American opportunity credit from Form 8863, line 8 29	
30	Recovery rebate credit. See instructions 30	
31	Amount from Schedule 3, line 15 31	
32	Add lines 27a and 28 through 31. These are your total other payments and refundable credits ▶ 32	
33	Add lines 25d, 26, and 32. These are your total payments ▶ 33 1,208	
Refund	34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid 34 310	
35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/> 35a 310	
b	Routing number ▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
d	Account number	
36	Amount of line 34 you want applied to your 2022 estimated tax . . . ▶ 36	
Amount You Owe	37 Amount you owe . Subtract line 33 from line 24. For details on how to pay, see instructions . ▶ 37	
38	Estimated tax penalty (see instructions) ▶ 38	
Third Party Designee	Do you want to allow another person to discuss this return with the IRS? See instructions ▶ <input type="checkbox"/> Yes . Complete below. <input type="checkbox"/> No	
	Designee's name ▶	Phone no. ▶
		Personal identification number (PIN) ▶
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	
Your signature	Date	Your occupation Cashier
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation
Phone no.	Email address	
Preparer's name	Preparer's signature	Date
Firm's name ▶	PTIN	Check if: <input type="checkbox"/> Self-employed
Firm's address ▶	Phone no.	Firm's EIN ▶

Comprehensive Problem 1B

Form **1040-SR** Department of the Treasury—Internal Revenue Service (99) **2021** U.S. Tax Return for Seniors OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

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 your 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: **Maria** Last name: **Tallchief** Your social security number: **466 33 1234**

If joint return, spouse's first name and middle initial: Last name: Spouse's social security number:

Home address (number and street). If you have a P.O. box, see instructions. **543 Space Drive** Apt. no.:
 City, town, or post office. If you have a foreign address, also complete spaces below. **Houston, TX** ZIP code: **77099**
 Foreign country name: Foreign province/state/county: Foreign postal code:
Presidential Election Campaign
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. You Spouse

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? Yes No

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, 1957 Are blind
Spouse: Was born before January 2, 1957 Is blind

(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
If more than four dependents, see instructions and check here <input type="checkbox"/>					
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

1 Wages, salaries, tips, etc. Attach Form(s) W-2	1	21,500
2a Tax-exempt interest	2a	
3a Qualified dividends	3a	
4a IRA distributions	4a	
5a Pensions and annuities	5a	
6a Social security benefits	6a	
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here	7	
8 Other income from Schedule 1, line 10	8	
9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income . . ▶	9	21,500
10 Adjustments to income from Schedule 1, line 26	10	
11 Subtract line 10 from line 9. This is your adjusted gross income . . ▶	11	21,500

Attach Schedule B if required.

Comprehensive Problem 1B, cont.

Standard Deduction See <i>Standard Deduction Chart</i> on the last page of this form.	12a Standard deduction or itemized deductions (from Schedule A)	12a	14,250	
	b Charitable contributions if you take the standard deduction (see instructions)	12b		
	c Add lines 12a and 12b	12c		14,250
	13 Qualified business income deduction from Form 8995 or Form 8995-A	13		
	14 Add lines 12c and 13	14		
	15 Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15		7,250
	16 Tax (see instructions). Check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/> _____	16		728
	17 Amount from Schedule 2, line 3	17		
	18 Add lines 16 and 17	18		728
	19 Nonrefundable child tax credit or credit for other dependents from Schedule 8812	19		
	20 Amount from Schedule 3, line 8	20		
	21 Add lines 19 and 20	21		
	22 Subtract line 21 from line 18. If zero or less, enter -0-	22		728
	23 Other taxes, including self-employment tax, from Schedule 2, line 21	23		
	24 Add lines 22 and 23. This is your total tax ▶	24		728
	25 Federal income tax withheld from:			
	a Form(s) W-2	25a	1,208	
	b Form(s) 1099	25b		
	c Other forms (see instructions)	25c		
	d Add lines 25a through 25c	25d		1,208
	26 2021 estimated tax payments and amount applied from 2020 return	26		
If you have a qualifying child, attach Sch. EIC.	27a Earned income credit (EIC)	27a		
	Check here if you had not reached the age of 19 by December 31, 2021, and satisfy all other requirements for claiming the EIC. See instructions ▶ <input type="checkbox"/>			
	b Nontaxable combat pay election	27b		
	c Prior year (2019) earned income	27c		
	28 Refundable child tax credit or additional child tax credit from Schedule 8812	28		
	29 American opportunity credit from Form 8863, line 8	29		
	30 Recovery rebate credit. See instructions	30		
	31 Amount from Schedule 3, line 15	31		
	32 Add lines 27a and 28 through 31. These are your total other payments and refundable credits ▶	32		
	33 Add lines 25d, 26, and 32. These are your total payments ▶	33		1,208

Comprehensive Problem 1B, cont.

Form 1040-SR (2021) Page **3**

Refund	34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	480
	35a Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	480
Direct deposit? See instructions.	b Routing number _____ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings d Account number _____		
	36 Amount of line 34 you want applied to your 2022 estimated tax 36		
Amount You Owe	37 Amount you owe. Subtract line 33 from line 24. For details on how to pay, see instructions 37		
	38 Estimated tax penalty (see instructions) 38		
Third Party Designee	Do you want to allow another person to discuss this return with the IRS? See instructions <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> 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 Cashier If the IRS sent you an Identity Protection PIN, enter it here (see inst.) _____		
	Spouse's signature. If a joint return, both must sign. _____ Date _____ Spouse's occupation _____ If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) _____		
	Phone no. _____	Email address _____	
Paid Preparer Use Only	Preparer's name _____	Preparer's signature _____	Date _____
	Firm's name _____	PTIN _____	Check if: <input type="checkbox"/> Self-employed
	Firm's address _____	Phone no. _____	Firm's EIN _____

Go to www.irs.gov/Form1040SR for instructions and the latest information. Form **1040-SR** (2021)

Comprehensive Problem 2A

Form 1040	Department of the Treasury—Internal Revenue Service (99)	2021	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.																																																																																																						
Filing Status <input type="checkbox"/> Single <input checked="" type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Head of household (HOH) <input type="checkbox"/> Qualifying widow(er) (QW) Check only one box. If you checked the MFS box, enter the name of your 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 Dora		Last name Knox		Your social security number 4 6 7 7 4 4 4 5 1																																																																																																						
If joint return, spouse's first name and middle initial Hardy		Last name Knox		Spouse's social security number 4 6 6 4 7 3 3 1 1																																																																																																						
Home address (number and street). If you have a P.O. box, see instructions. 143 Maple 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. If you have a foreign address, also complete spaces below. Knoxville		State TN	ZIP code 37932																																																																																																							
Foreign country name		Foreign province/state/county	Foreign postal code																																																																																																							
At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No																																																																																																										
Standard Deduction Someone can claim: <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent <input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien																																																																																																										
Age/Blindness You: <input type="checkbox"/> Were born before January 2, 1957 <input type="checkbox"/> Are blind Spouse: <input type="checkbox"/> Was born before January 2, 1957 <input type="checkbox"/> Is blind																																																																																																										
Dependents (see instructions): <table border="1" style="width:100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="width:10%;">(1) First name</th> <th style="width:15%;">Last name</th> <th style="width:15%;">(2) Social security number</th> <th style="width:15%;">(3) Relationship to you</th> <th style="width:10%;">(4) <input checked="" type="checkbox"/> if qualifies for (see instructions):</th> <th style="width:10%;">Child tax credit</th> <th style="width:10%;">Credit for other dependents</th> </tr> </thead> <tbody> <tr> <td>*</td> <td></td> <td></td> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table>					(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"/>	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																																																			
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* The Knox's son does not meet the age test nor the gross income to qualify as a dependent.

Comprehensive Problem 2A, cont.

Form 1040 (2021)		Page 2
16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/> . . .	16 2,749
17	Amount from Schedule 2, line 3	17
18	Add lines 16 and 17	18 2,749
19	Nonrefundable child tax credit or credit for other dependents from Schedule 8812	19
20	Amount from Schedule 3, line 8	20
21	Add lines 19 and 20	21
22	Subtract line 21 from line 18. If zero or less, enter -0-	22 2,749
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23
24	Add lines 22 and 23. This is your total tax ▶	24 2,749
25	Federal income tax withheld from:	
a	Form(s) W-2 25a 3,086	
b	Form(s) 1099 25b	
c	Other forms (see instructions) 25c	
d	Add lines 25a through 25c 25d 3,086	
26	2021 estimated tax payments and amount applied from 2020 return 26	
27a	Earned income credit (EIC) 27a	
	Check here if you had not reached the age of 19 by December 31, 2021, and satisfy all other requirements for claiming the EIC. See instructions ▶ <input type="checkbox"/>	
b	Nontaxable combat pay election 27b	
c	Prior year (2019) earned income 27c	
28	Refundable child tax credit or additional child tax credit from Schedule 8812 28	
29	American opportunity credit from Form 8863, line 8 29	
30	Recovery rebate credit. See instructions 30	
31	Amount from Schedule 3, line 15 31	
32	Add lines 27a and 28 through 31. These are your total other payments and refundable credits ▶ 32	
33	Add lines 25d, 26, and 32. These are your total payments ▶ 33 3,086	
Refund	34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid 34 337	
35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here ▶ <input type="checkbox"/> 35a 337	
b	Routing number ▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
d	Account number	
36	Amount of line 34 you want applied to your 2022 estimated tax . . . ▶ 36	
Amount You Owe	37 Amount you owe . Subtract line 33 from line 24. For details on how to pay, see instructions . . ▶ 37	
38	Estimated tax penalty (see instructions) ▶ 38	
Third Party Designee	Do you want to allow another person to discuss this return with the IRS? See instructions ▶ <input type="checkbox"/> Yes . Complete below. <input type="checkbox"/> No	
	Designee's name ▶	Phone no. ▶
		Personal identification number (PIN) ▶
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	
Your signature	Date	Your occupation Teacher
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation Unemployed
Phone no.	Email address	
Preparer's name	Preparer's signature	Date
Firm's name ▶	PTIN	
Firm's address ▶	Check if: <input type="checkbox"/> Self-employed	
	Phone no.	
	Firm's EIN ▶	

If you have a qualifying child, attach Sch. EIC.

Direct deposit? See instructions.

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

Paid Preparer Use Only

Comprehensive Problem 2B, cont.

Form 1040 (2021)		Page 2
16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16 4,675
17	Amount from Schedule 2, line 3	17
18	Add lines 16 and 17	18 4,675
19	Nonrefundable child tax credit or credit for other dependents from Schedule 8812	19 500
20	Amount from Schedule 3, line 8	20
21	Add lines 19 and 20	21 500
22	Subtract line 21 from line 18. If zero or less, enter -0-	22 4,175
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23
24	Add lines 22 and 23. This is your total tax ▶	24 4,175
25	Federal income tax withheld from:	
a	Form(s) W-2 25a 4,604	
b	Form(s) 1099 25b	
c	Other forms (see instructions) 25c	
d	Add lines 25a through 25c 25d 4,604	
26	2021 estimated tax payments and amount applied from 2020 return 26	
27a	Earned income credit (EIC) 27a	
	Check here if you had not reached the age of 19 by December 31, 2021, and satisfy all other requirements for claiming the EIC. See instructions ▶ <input type="checkbox"/>	
b	Nontaxable combat pay election 27b	
c	Prior year (2019) earned income 27c	
28	Refundable child tax credit or additional child tax credit from Schedule 8812 28	
29	American opportunity credit from Form 8863, line 8 29	
30	Recovery rebate credit. See instructions 30	
31	Amount from Schedule 3, line 15 31	
32	Add lines 27a and 28 through 31. These are your total other payments and refundable credits ▶ 32	
33	Add lines 25d, 26, and 32. These are your total payments ▶ 33 4,604	
Refund	34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid 34 429	
35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here ▶ <input type="checkbox"/> 35a 429	
b	Routing number ▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
d	Account number	
36	Amount of line 34 you want applied to your 2022 estimated tax ▶ 36	
Amount You Owe	37 Amount you owe . Subtract line 33 from line 24. For details on how to pay, see instructions ▶ 37	
38	Estimated tax penalty (see instructions) ▶ 38	
Third Party Designee	Do you want to allow another person to discuss this return with the IRS? See instructions ▶ <input type="checkbox"/> Yes . Complete below. <input type="checkbox"/> No	
	Designee's name ▶	Phone no. ▶
		Personal identification number (PIN) ▶
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	
Your signature	Date	Your occupation Accountant
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation
Phone no.	Email address	
Preparer's name	Preparer's signature	Date
Firm's name ▶	PTIN	Check if: <input type="checkbox"/> Self-employed
Firm's address ▶	Phone no.	
	Firm's EIN ▶	

Key Number Tax Return Summary

Chapter 1

Comprehensive Problem 1A

Adjusted Gross Income (Line 11)	21,500
Taxable Income (Line 15)	8,950
Total Tax (Line 24)	898
Tax Refund (Line 35a)	310

Comprehensive Problem 1B

Adjusted Gross Income (Line 11)	21,500
Standard Deduction or Itemized Deductions (Line 12a)	14,250
Total Tax (Line 24)	728
Tax Refund (Line 35a)	480

Comprehensive Problem 2A

Adjusted Gross Income (Line 11)	51,323
Standard Deduction or Itemized Deductions (Line 12a)	25,100
Total Tax (Line 24)	2,749
Amount Overpaid (Line 34)	337

Comprehensive Problem 2B

Adjusted Gross Income (Line 11)	60,102
Standard Deduction or Itemized Deductions (Line 12a)	18,800
Credit for Other Dependents (Line 19)	500
Total Tax (Line 24)	4,175
Amount Overpaid (Line 34)	429