



# 6744

## **VITA/TCE Volunteer Assistor's Test/Retest**

Volunteer Income Tax Assistance (VITA) / Tax Counseling for the Elderly (TCE)

### **2010 RETURNS**



Take your VITA/TCE training online at **[www.irs.gov](http://www.irs.gov)** (keyword: Link and Learn Taxes) with online testing, immediate scoring, feedback and more. Gain experience using the Electronic Software Practice Lab!



## Form 6744 – 2010 VITA/TCE Test

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### Preface

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#### Quality Return Process

The IRS has an ongoing initiative to improve and/or enhance the quality of returns prepared at VITA/TCE sites. The Volunteer Return Preparation Program – Quality Improvement Process continues to focus on improving the return preparation process.

An accurate return is the most important aspect of providing quality service to the taxpayer; it establishes credibility and integrity in the program and the volunteer who prepared the return. Throughout the training material you were introduced to the major components of the VITA/TCE return preparation process including:

- Understanding and applying tax law
- Screening and interviewing taxpayers (Intake/Interview & Quality Review Sheet)
- Using references, resources, and tools
- Conducting quality reviews

During your training you were given an opportunity to apply the tax law knowledge you gained. You also learned how to properly verify and apply the information provided by the taxpayer on the Intake and Interview Sheet in order to prepare a correct tax return.

You also learned how to use your references, resources, and tools; and conduct a quality review of the returns that you have prepared.

Now comes the time to test the knowledge and competencies you have acquired and apply them to specific scenarios. All of these steps help you in achieving the goal of preparing accurate tax returns within your scope of training.

We welcome your comments for improving these materials and the VITA/TCE programs. You may follow the evaluation procedures in this kit or e-mail your comments to [partner@irs.gov](mailto:partner@irs.gov).

Thank you for being a part of this valuable public service for your neighbors and community.

## Test Instructions

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### Special Accommodations

If you require special accommodations to complete the test, please advise your Instructor immediately.

### Reference Materials

Use **2010** values for deductions, exemptions, tax, or credits for all answers on the test. Remember to round to dollars. Test answers have been rounded up or down as directed in the specific instructions on the form. **The EIC and Tax Tables for 2010 are located in Publication 4491-W, Comprehensive Problems and Exercises Workbook.**

This is an open book test. You may use your course book and any other reference material you will use as a volunteer. The revised Form 13614-C, Intake/Interview & Quality Review Sheet, is included in each return preparation scenario. Use this form to help you complete the tax returns and answer the test questions. Blank forms for the test are located in the back of the test booklet. If extra forms are needed they may be photocopied.

Please complete this test on your own. Taking the test in groups or with outside assistance is a disservice to the customers you have volunteered to help.

### Using Software

This is the third year for the Practice Lab. The Practice Lab is tax year 2010 tax preparation software developed as a training tool to help in the certification process for VITA/TCE volunteers. Go to [www.irs.gov](http://www.irs.gov) and type a keyword search “Link & Learn Taxes” in the keyword search field. Go to a specific course level and click the “start course” link to display the course menu. Click on the Practice Lab icon to the right of the page. A universal password will be needed to access the Practice Lab. Your Instructor or Site Coordinator will be able to provide you with the universal password. Once you access the Practice Lab you will need to create a unique UserID. **IMPORTANT: You will need to create a UserID again this year, even if you used the Practice Lab last year.**

Only the 2010 version of the software will generate the correct answers for 2010 returns.

All social security numbers, employer identification numbers, and account numbers provided in the scenarios are fictitious.

Volunteers using tax preparation software to complete the test should replace the X's as directed by the software. If you are using the Link & Learn Taxes Practice Lab replace the X's in the SSNs and EINs with your unique User ID. Use your city, state, and zip code when completing any of the forms, unless otherwise indicated.

### Test Answer Sheet

When you complete the test, please transfer all answers to the tear-out Test Answer Sheet.

Make sure your name is at the top of the page.

Forward the completed Test Answer Sheet and the completed Form 13615, Volunteer Agreement, as directed for grading. Do not submit your entire test booklet unless otherwise directed. If you are required to take the retest, your Test Answer Sheet will be retained. If you are using Link & Learn Taxes to grade your test, do not use the test answer sheet.

## Test Score

You will be advised of your test results. Your Volunteer Agreement will be maintained by your Site Coordinator.

## Certification

Each course must be passed with a minimum score of **80%** for certification. If you do not achieve a score of at least **80%**, you should discuss it with your Instructor or Training/Site Coordinator. After the discussion, you may choose to take a certification retest. The retest questions are included in this test booklet after the blank forms.

## VITA/TCE Courses

There are five courses. They are **Basic, Intermediate, Advanced, Military, and International**. Each course is summarized below.

- **Basic:** This course covers the completion of wage earner type returns. Social security income and penalty on early withdrawal of savings is part of the Basic course.
- **Intermediate:** This course covers completion of returns from wage earners, those who receive pension income, and more complex Forms 1040. Itemized deductions and Schedule C-EZ/Schedule C (with limits) are included in this course.
- **Advanced:** This course covers the completion of the full scope of returns. **It requires certification in Basic and Intermediate.** Capital gains and losses and more complex pension issues are included in this course.
- **Military:** This course covers the full scope of returns presented by members of the Armed Forces, Reserve and National Guard. **It requires certification in Basic and Intermediate.** This course covers domestic military topics. Therefore, military representatives or instructors going overseas to provide assistance or teach must be certified in both Military and International courses.
- **International:** This course covers the completion of returns for taxpayers, both military and non-military, living outside the United States and assisted by volunteers working at U.S. Embassies and Consulates or military installations. **This requires certification in Basic and Intermediate.** This course includes topics of Foreign Income Exclusion and Foreign Tax Credit applicable to taxpayers living and working overseas.

**All volunteers must complete the Basic course.** Volunteers who are certified in Basic can prepare returns within the scope of the Basic course. Volunteers can stop with Basic or proceed with other courses. Volunteers can only prepare returns for the level for which they have been certified. Quality Reviewers and Instructors must be certified at the Intermediate level or above.

Volunteers who wish to take Advanced, Military or International **must** complete Basic and Intermediate before proceeding with these additional courses. Remember each course for which you wish to be certified must be passed with a minimum score of 80% accuracy.

### Certification in Link & Learn Taxes

You may take this volunteer certification test online using the Link & Learn Taxes e-learning application at <http://www.irs.gov/app/vita/index.jsp>

or

at [www.irs.gov](http://www.irs.gov), using keyword search: Link and Learn.

**CAUTION:** It is very important to understand the following information. You can complete the test by answering the questions in this booklet and certify using Link & Learn Taxes.

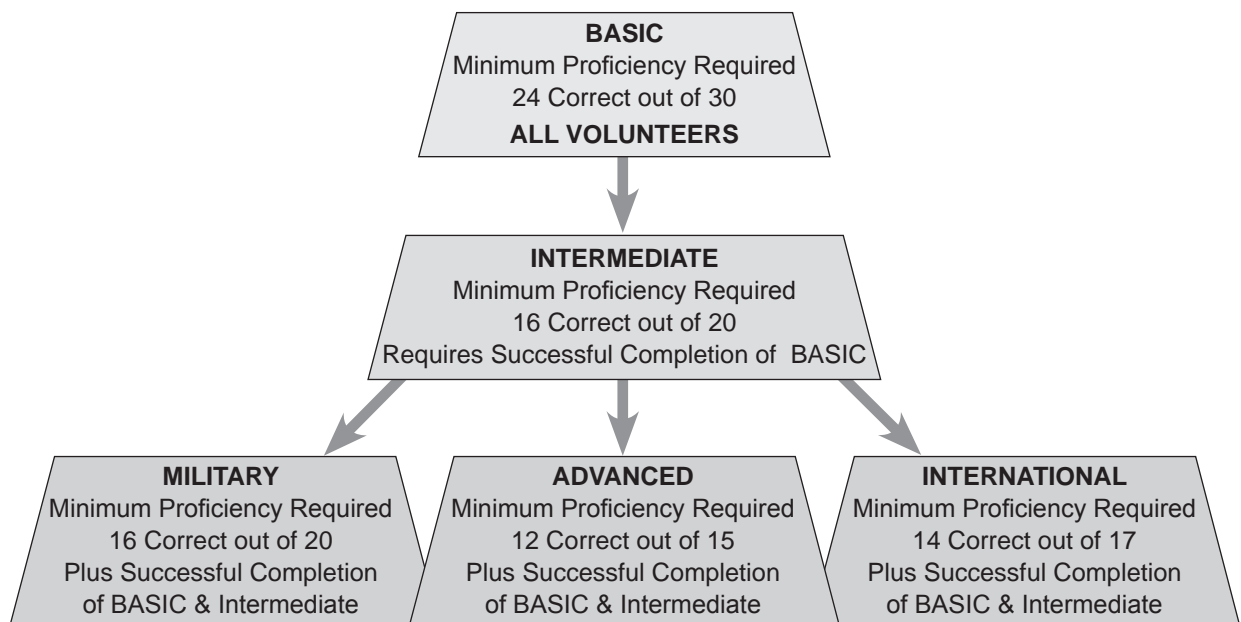
The test *scenarios* on Link & Learn Taxes are the same as this booklet. However, *questions* in the online test can be from either the test or the retest. You must read each question carefully before entering your answers online.



### VITA/TCE Certification Requirements

**Basic** certification is required for all volunteers who prepare tax returns in the VITA/TCE programs. Volunteers serving as Quality Reviewers and Instructors must be certified at the Intermediate level or above. Volunteers may certify at increasing levels of complexity based on their training and experience. Each level of certification builds on the previous level.

After completing the **Basic** certification (7 Scenarios and 1 Quality Review), volunteers may proceed to the **Intermediate** certification (4 Scenarios) followed by the **Advanced** (4 Scenarios) or **Military** (4 Scenarios) or **International** (4 Scenarios) certification as their training and experience warrants.





# Test Answer Sheet

Name \_\_\_\_\_

Record all your answers on this tear-out page.

Your Instructor will tell you where to send your

Test Answer Sheet for grading. Be sure to complete

and sign the Form 13615, Volunteer Agreement.

## Privacy Act Notice

The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory.

Our legal right to ask for information is 5 U.S.C. 301.

We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers.

Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

Question	Answer
<b>Basic Scenario 1</b>	
1.1	
1.2	
<b>Basic Scenario 2</b>	
2.1	
2.2	
<b>Basic Scenario 3</b>	
3.1	
3.2	
<b>Basic Scenario 4</b>	
4.1	
4.2	
<b>Basic Scenario 5</b>	
5.1	
5.2	
<b>Basic Scenario 6</b>	
6.1	
6.2	
6.3	
6.4	
6.5	
6.6	
6.7	
<b>Basic Scenario 7</b>	
7.1	
7.2	
7.3	
7.4	
7.5	
7.6	
7.7	
7.8	
<b>Basic Scenario 8</b>	
8.1	
8.2	
8.3	
8.4	
8.5	
Total Answers Correct: _____	
Total Questions: 30	
<b>Passing Score: 24 of 30</b>	

Question	Answer
<b>Intermediate Scenario 1</b>	
9.1	
9.2	
<b>Intermediate Scenario 2</b>	
10.1	
10.2	
<b>Intermediate Scenario 3</b>	
11.1	
11.2	
11.3	
11.4	
11.5	
11.6	
11.7	
<b>Intermediate Scenario 4</b>	
12.1	
12.2	
12.3	
12.4	
12.5	
12.6	
12.7	
12.8	
12.9	
Total Answers Correct: _____	
Total Questions: 20	
<b>Passing Score: 16 of 20</b>	
<b>Advanced Scenario 1</b>	
13.1	
13.2	
<b>Advanced Scenario 2</b>	
14.1	
14.2	
<b>Advanced Scenario 3</b>	
15.1	
15.2	
<b>Advanced Scenario 4</b>	
16.1	
16.2	
16.3	
16.4	
16.5	
16.6	
16.7	
16.8	
16.9	
Total Answers Correct: _____	
Total Questions: 15	
<b>Passing Score: 12 of 15</b>	

Question	Answer
<b>Military Scenario 1</b>	
17.1	
17.2	
<b>Military Scenario 2</b>	
18.1	
18.2	
<b>Military Scenario 3</b>	
19.1	
19.2	
19.3	
19.4	
19.5	
19.6	
19.7	
19.8	
19.9	
19.10	
19.11	
<b>Military Scenario 4</b>	
20.1	
20.2	
20.3	
20.4	
20.5	
Total Answers Correct: _____	
Total Questions: 20	
<b>Passing Score: 16 of 20</b>	
<b>International Scenario 1</b>	
21.1	
21.2	
21.3	
21.4	
<b>International Scenario 2</b>	
22.1	
22.2	
<b>International Scenario 3</b>	
23.1	
23.2	
<b>International Scenario 4</b>	
24.1	
24.2	
24.3	
24.4	
24.5	
24.6	
24.7	
24.8	
24.9	
Total Answers Correct: _____	
Total Questions: 17	
<b>Passing Score: 14 of 17</b>	

Department of the Treasury – Internal Revenue Service  
**Volunteer Agreement**  
**Standards of Conduct – VITA/TCE Programs**

The mission of the VITA/TCE Program is to provide free basic tax return preparation for eligible taxpayers. Volunteers are the program's most valuable resource. To establish the greatest degree of public trust Volunteers have a responsibility to provide high quality service and uphold the highest of ethical standards.

**Instructions: To be completed by all volunteers in the VITA/TCE program. VITA or TCE grant recipient sites and their partners shall retain a copy of this form until December 31st. Other sites should retain this form until the site closes. Proper guidance must be followed for safeguarding and properly destroying this form.**

As a participant in the VITA/TCE Program, I agree to the following standards of conduct:

- I will treat all taxpayers professionally, with courtesy and respect.
- I will safeguard the confidentiality of taxpayer information.
- I will apply the tax laws equitably and accurately to the best of my ability.
- I will only prepare returns for which I am certified. (Basic, Advanced, etc.)
- I will exercise reasonable care in the use and protection of equipment and supplies.
- I will not solicit business from taxpayers I assist or use the knowledge I have gained about them for any direct or indirect personal benefit for me or any other specific individual.
- I will not accept payment from taxpayers for the services I provide. I may receive compensation as an employee of a program sponsor.
- I will ensure the returns I prepare follow the Intake/Interview and Quality Review Processes.

**Volunteer Information**

Print Full Name

Daytime Telephone

Home Street Address

E-mail Address

City, State and Zip Code

**Signature**

Site and/or Partner Name

**Date****Volunteer position(s)**

(screener, preparer, interpreter, reviewer, etc.)

Number of years you volunteered

**(Partner Use Only) Test Results – Only volunteers preparing federal tax returns, answering tax law questions, or reviewing federal tax returns for accuracy are required to be certified.**

	Basic	Intermediate	Advanced	Military	Inter- national	COD	HSA	Foreign Student/Scholars		
								Part 1	Part 2	Part 3
<b>Volunteer's Test Score</b>										
<b>Certification level – Mark the appropriate box</b>										

**Certified by (IRS or SPEC Partner Only):****Date:**

**Privacy Act Notice**—The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory.

Our legal right to ask for information is 5 U.S.C. 301. We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers.

Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.



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## 2010 6744 Test – Basic Course

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The first five short scenarios are designed to measure key competencies related to dependency exemptions and related tax benefits. These first five scenarios do not require you to prepare a tax return. Read each scenario carefully and use your training and reference tools to answer the questions after the scenario.

### Basic Scenario 1: Elizabeth Ripon

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#### Interview Notes

- Theresa, who is single, lost her job in 2009. She and her eight-year-old son Julian moved in with a friend of the family, Elizabeth. Theresa and Julian lived there the entire year of 2010.
- Julian's father died in 2007.
- Elizabeth paid all the cost of keeping up her home.
- Elizabeth, who is single, provided all of Theresa's and Julian's support during 2010.
- Elizabeth's total earned income in 2010 was \$42,000.
- Neither Theresa nor Julian received any income in 2010.
- Elizabeth, Theresa, and Julian are U.S. citizens and have valid social security numbers.

### Basic Scenario 1: Test Questions

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#### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 1.1 Does Elizabeth qualify for Head of Household filing status?
  - a. Yes, because she provided over half the cost of keeping up her home.
  - b. No, because she does not have a qualifying person to use this filing status.
- 1.2 Whom can Elizabeth claim as dependents?
  - a. Elizabeth cannot claim any dependents.
  - b. She can only claim Theresa because Julian is Theresa's qualifying child.
  - c. She can only claim Julian because of the age requirements for dependency.
  - d. She can claim both Julian and Theresa as dependents since they both meet the tests for qualifying relative.

## Basic Scenario 2: Sarah Pope

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### Interview Notes

- Sarah is 23 years old, single, and a full-time student.
- Sarah lived with her parents all year and did not pay rent or household bills.
- Sarah did not provide over half of her own support.
- In 2010, Sarah worked at a department store and earned \$6,500, which was her total income for the year.
- Sarah's federal income tax withholding was \$500.
- Sarah and her parents are U.S. citizens and have valid social security numbers.

## Basic Scenario 2: Test Questions

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### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 2.1** On Form 13614-C, Part I, question 13, Sarah checked the box "Unsure" if someone else could claim her as a dependent. What action should you take to determine if Sarah can claim her own personal exemption?
- a. Tell her to go home and ask her parents if they claimed her.
  - b. Refer to Pub 4012, go over Table 1: Dependency Exemption for Qualifying Child, and explain that her parents would be entitled to claim her exemption.
  - c. Tell her that you'll process the return claiming her own exemption and call her if the return gets rejected by the IRS.
  - d. Tell her that she is eligible to claim her own exemption because she is over 18 and has a valid SSN.
- 2.2** Can Sarah claim the making work pay credit on her return?
- a. Yes, because she has earned income.
  - b. Yes, because she has federal income tax withheld from her income.
  - c. No, because she can be claimed as a dependent on her parents' return.
  - d. No, because she does not have a tax liability.

## Basic Scenario 3: Natasha Jefferson

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### Interview Notes

- Natasha Jefferson and Daniel Newport are both single and were never married. They have not lived together for three years.
- They have one child, Hannah, age 4.
- In 2010, Hannah lived with Natasha the entire year. Daniel lived alone.
- Natasha and Daniel provided all of Hannah's support.
- In 2010, Natasha worked and earned \$18,000. Daniel worked and earned \$33,000.
- Daniel pays the rent and utilities for Natasha's apartment, and often gives Natasha grocery money. He is providing over half the cost of maintaining the home for Natasha and Hannah.
- Daniel does not pay household expenses for any other family member.
- Natasha, Daniel, and Hannah are U.S. citizens and have valid social security numbers.

## Basic Scenario 3: Test Questions

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### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 3.1** Who can claim the Head of Household filing status?
- a. Daniel, because he paid over half the cost of maintaining a home for Hannah.
  - b. Natasha, because Hannah lived with her.
  - c. Natasha, because she and Daniel were never married.
  - d. Neither Daniel nor Natasha qualifies to claim the Head of Household filing status.
- 3.2** Who can claim Hannah as a qualifying child for the Earned Income Credit (EIC)?
- a. Either Daniel or Natasha can claim Hannah for the EIC.
  - b. Natasha is the only one who can claim Hannah for the EIC.
  - c. Daniel is the only one who can claim Hannah for the EIC.
  - d. No one can claim Hannah for the EIC.

## Basic Scenario 4: Aiden and Isabel Stillwater

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### Interview Notes

- Aiden and Isabel are married and lived together in the U.S. for all of 2010 with their two sons, Rafael, age 2, and Edward, age 3.
- Aiden and Isabel have Individual Taxpayer Identification Numbers (ITINs).
- Aiden and Isabel have lived in the U.S. for 5 years.
- Aiden and Isabel both worked and their combined wages were \$39,500, which was their only income.
- Aiden and Isabel provided all the support for Rafael and Edward.
- They paid Suffolk Day Care \$1,000 a year to take care of Rafael and Edward, while they worked.
- Rafael and Edward are both U.S. citizens and have valid social security numbers (SSNs).

## Basic Scenario 4: Test Questions

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### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 4.1** Aiden and Isabel are going to file a joint return. Whom can they claim as dependents?
- a. Aiden and Isabel can claim both Rafael and Edward as dependents.
  - b. Aiden and Isabel cannot claim any dependents because some family members do not have SSNs.
  - c. Because Aiden and Isabel have ITINs, they cannot claim any dependents.
  - d. Based on Aiden's and Isabel's incomes, they can only claim one dependent.
- 4.2** Aiden and Isabel are eligible to claim which tax credit(s) on their joint return?
- a. Earned income credit only
  - b. Earned income credit, dependent care credit, and child tax credit
  - c. Child tax credit and dependent care credit
  - d. They are not entitled to claim any tax credits since Aiden and Isabel have ITINs.



## Basic Scenario 5: Lisa Bolivar

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### Interview Notes

- Lisa Bolivar is 36 years old.
- Oliver, who is single, is Lisa's 45-year-old brother and he is permanently and totally disabled.
- Their parents are deceased.
- Oliver lived with Lisa in her home all of 2010.
- In 2010, Oliver received Form SSA-1099 showing social security disability benefits of \$11,000, his only income. Oliver provided all of his own support with this income.
- Lisa worked as a clerk and earned \$26,500.
- Lisa and Oliver are U.S. citizens and have valid social security numbers.

## Basic Scenario 5: Test Questions

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### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 5.1** Lisa cannot claim Oliver as her dependent because:
- a. Oliver is her brother.
  - b. Oliver is over 24 years old.
  - c. Oliver provides over half of his own support.
  - d. Oliver is older than Lisa.
- 5.2** Lisa can claim Oliver as a qualifying child for EIC, even though he is not her dependent.
- a. True
  - b. False

## Basic Scenario 6: James and Bridget Thurston

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### Taxpayer Documents

- Social security cards for James and Bridget Thurston
- Completed Intake and Interview Sheet
- Form W-2 for Bridget Thurston
- Form W-2 for James Thurston
- Form 1099-INT from U.S. Equity Bank
- Form SSA-1099

### Interview Notes

- James and Bridget are married and want to file a joint return.
- Bridget is a customer service representative.
- James is retired; he works as a cashier and receives social security benefits.
- James and Bridget will not itemize deductions for 2010.
- James and Bridget both want to designate \$3 to the Presidential Election Campaign Fund.
- James and Bridget did not take a distribution from any retirement account.
- James and Bridget did not receive an economic recovery payment in 2010.
- Important note: For purposes of this test scenario, Form 6251, Alternative Minimum Tax, line 31 amount is \$0. You may need to provide this information for the credit limit worksheet for certain nonrefundable credits.



## Intake/Interview &amp; Quality Review Sheet

## Section A. Page 1 and Page 2 to be completed by Taxpayer

Thank you for allowing us to prepare your tax return. It is very important for you to provide the information on this form to help our certified volunteer preparer in completing your return. If you have any questions, please ask.

## You will need your:

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as drivers license or other picture ID).

## Part I. Your Personal Information

1. Your First Name <b>JAMES</b>	M. I. <b>T</b>	Last Name <b>THURSTON</b>	Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Spouse's First Name <b>BRIDGET</b>	M. I. <b>J</b>	Last Name <b>THURSTON</b>	Is spouse a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing Address <b>1932 CALVINS COURT</b>	Apt#	City <b>YOUR CITY</b>	State <b>YS</b> Zip Code <b>YOUR ZIP</b>
4. Phone Primary: <b>YOUR PHONE #</b> Other:	E-mail <b>NONE</b>		
5. Your Date of Birth <b>09/21/1942</b>	6. Your Occupation <b>CASHIER</b>	7. Are you Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Spouse's Date of Birth <b>03/06/1947</b>	10. Spouse's Occupation <b>CUSTOMER SERVICE REP</b>	11. Is Spouse Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
13. Can your parents or someone else claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure			

## Part II. Family and Dependent Information

1. As of December 31, 2010, your marital status was:

☐ Single

☒ Married: Did you live with your spouse during any part of the last six months of 2010? ☒ Yes ☐ No

☐ Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_

☐ Widowed: Year of spouse's death: \_\_\_\_\_

2. List the name of everyone below who lived in your home and outside your home that you supported during 2010.  
If additional space is needed please check here and use page 4 for additional information. ☐

Name (first, last) Do not enter your name or Spouse's name below	Date of Birth (mm/dd/yy)	Relationship to you (e.g. son, mother, sister)	Number of months lived in your home	US Citizen or resident of the US, Canada or Mexico (yes/no)	Single as of 12/31/10 (yes/no)	Full- time student (yes/no)	Received more than \$3650 in income (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)

- Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.
- To report any concerns to IRS on site operating issues please call **Toll Free 1-877-330-1205** or email us at **WI.Voltax@irs.gov**.



**Section A. To be completed by Taxpayer (continued)**

**Part III. Income – In 2010, did you (or your spouse) receive: (Check Yes, No or Unsure to all questions below)**

Yes	No	Unsure	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. Wages or Salary? (Form(s) W-2)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Tip Income?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. Scholarships? (Forms W-2, 1098-T)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV, 1099-OID)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Refund of state/local income taxes previously used as a deduction on 1040 Sch A? (Form(s) 1099-G)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. Alimony Income?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. Self-Employment Income/Loss (such as earnings from contract labor, small business)? (Form(s) 1099-MISC)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. Income (gain or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Form(s) 1099-B)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. Disability Income (such as payments from SSA, VA, insurance, etc)? (Forms 1099-R, W-2)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. Distributions from Pensions, Annuities, and/or IRA? (Form(s) 1099-R)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. Unemployment Compensation? (Form(s) 1099-G)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Social Security or Railroad Retirement Benefits? (Form(s) SSA-1099)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	13. Income (profit or loss) from Rental Property?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: _____ (Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2010 Did you (or your spouse) pay: (Check Yes, No or Unsure to all questions below)**

Yes	No	Unsure	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Alimony: If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Contributions to a retirement account? <input type="checkbox"/> IRA <input type="checkbox"/> Roth IRA <input checked="" type="checkbox"/> 401K <input type="checkbox"/> Other
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. Educational expenses paid for yourself, spouse or dependents? (such as tuition, books, fees, etc.)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Unreimbursed employee business expenses (such as mileage)?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Medical expenses?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. Home mortgage interest?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. Real estate taxes for your home or personal property taxes?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. Charitable contributions?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. Child/dependent care expenses that allowed you and your spouse, to work or to look for work?

**Part V. Life Events – In 2010 Did you (or your spouse): Check Yes, No or Unsure to all questions below)**

Yes	No	Unsure	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form(s) 1099-C)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. Buy a home? If yes, closing date _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Purchase and install energy efficient home items? (such as windows, furnace, insulation, etc.)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. Live in an area that was affected by a natural disaster? If yes, where? _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. Receive the First Time Homebuyers Credit in previous years?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. Pay any student loan interest?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. Make estimated tax payments or apply last year's refund to your 2010 tax? If so how much? _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. If you are due a refund, would you like a direct deposit or split your refund?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. If you are due a refund, would you like information on how to purchase U.S. Savings Bonds?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. If you have a balance due, would you like information about all of your payment options? (such as payment directly from your bank account, check, money order, credit/debit card or payment plan)

Catalog Number 52121E

Form **13614-C** (Rev. 8-2010)

2

## TAXPAYER STOP HERE!

Thank you for completing this form.

### Section B. To be Completed by Certified Volunteer Only

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1 & 2 is complete. Any question marked "Unsure" must be discussed with the taxpayer and changed to "Yes" or "No".

**Must be completed ONLY if persons are listed in Part II, Question 2.**

- ☐ Yes ☐ No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 3. Did any of the persons listed in Part II, Question 2 provide more than half of their own support? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? If no, which ones:  
☐ N/A  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_

#### Reminder

Use Publication 17, *Your Federal Income Tax For Individuals* and Publication 4012, *Volunteer Resource Guide* in making tax law determinations.

Catalog Number 52121E

### Section C. To be completed by a Certified Quality Reviewer

After reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer, check the final item.

1. **Section A & B** of this form are complete.
  2. **Taxpayer's identity, address and phone number** was verified.
  3. **Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents** match the supporting documents.
  4. **Filing Status** is correctly determined.
  5. **Personal and Dependency Exemptions** are entered correctly on the return.
  6. All **income** shown on source documents and noted in Sections A, part III is included on the tax return.
  7. Any **Adjustments to Income** are correctly reported.
  8. **Standard, Additional or Itemized Deductions** are correct.
  9. All **credits** are correctly reported.
  10. Withholding shown on **Forms W-2, 1099 and Estimated Tax Payments** are correctly reported.
  11. If **direct deposit or debit** was elected, checking/saving account and routing information match the supporting documents.
  12. Correct **SIDN** is shown on the return.
- ☐ **All Quality Review Issues above have been addressed and necessary changes have been made.**

Form **13614-C** (Rev. 8-2010)

3



a Employee's social security number <b>130-XX-XXXX</b>		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>03-XXXXXX</b>		1 Wages, tips, other compensation <b>\$23,000.00</b>		2 Federal income tax withheld <b>\$458.00</b>	
c Employer's name, address, and ZIP code <b>CROSSROADS SHIPPING 12 DOUGHTIE ST STE 150 YOUR CITY, STATE ZIP</b>		3 Social security wages <b>\$23,000.00</b>		4 Social security tax withheld <b>\$1,426.00</b>	
		5 Medicare wages and tips <b>\$23,000.00</b>		6 Medicare tax withheld <b>\$333.50</b>	
		7 Social security tips		8 Allocated tips	
d Control number		9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name Suff.  <b>JAMES T. THURSTON 1932 CALVINS COURT YOUR CITY, STATE ZIP</b>		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State Employer's state ID number <b>YS 03-XXXXXX</b>	16 State wages, tips, etc. <b>\$23,000.00</b>	17 State income tax <b>\$295.00</b>	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax  
Statement

**2010**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.

a Employee's social security number <b>137-XX-XXXX</b>		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>03-6XXXXXX</b>		1 Wages, tips, other compensation <b>\$15,000.00</b>		2 Federal income tax withheld <b>\$198.00</b>	
c Employer's name, address, and ZIP code <b>BONNIE'S BONNETS 2250 DELORIS AVE YOUR CITY, STATE ZIP</b>		3 Social security wages <b>\$16,000.00</b>		4 Social security tax withheld <b>\$992.00</b>	
		5 Medicare wages and tips <b>\$16,000.00</b>		6 Medicare tax withheld <b>\$232.00</b>	
		7 Social security tips		8 Allocated tips	
d Control number		9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name Suff.  <b>BRIDGET J. THURSTON 1932 CALVINS COURT YOUR CITY, STATE ZIP</b>		11 Nonqualified plans		12a See instructions for box 12 <b>D \$1,000</b>	
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State Employer's state ID number <b>YS 03-6XXXXXX</b>	16 State wages, tips, etc. <b>\$15,000</b>	17 State income tax <b>\$129</b>	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax  
Statement

**2010**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.

<input type="checkbox"/> CORRECTED (if checked)			
PAYER'S name, street address, city, state, ZIP code, and telephone no. <b>US Equity Bank</b> <b>8020 Yonkers Blvd</b> <b>Your CITY, STATE ZIP</b>		Payer's RTN (optional) 1 Interest income <b>\$ 200.00</b> 2 Early withdrawal penalty <b>\$</b>	OMB No. 1545-0112 <div style="font-size: 2em; font-weight: bold;">2010</div> <b>Interest Income</b> Form <b>1099-INT</b>
PAYER'S federal identification number <b>03-XXXXXX</b>	RECIPIENT'S identification number <b>130-XX-XXXX</b>	3 Interest on U.S. Savings Bonds and Treas. obligations <b>\$</b>	<b>Copy B For Recipient</b> <small>This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.</small>
RECIPIENT'S name <b>JAMES T. AND BRIDGET J. THURSTON</b>		4 Federal income tax withheld <b>\$</b>	
Street address (including apt. no.) <b>1932 Calvins Court</b>		5 Investment expenses <b>\$</b>	
City, state, and ZIP code <b>YOUR CITY, STATE, ZIP</b>		6 Foreign tax paid <b>\$</b>	
Account number (see instructions)		7 Foreign country or U.S. possession <b>\$</b>	
		8 Tax-exempt interest <b>\$</b>	9 Specified private activity bond interest <b>\$</b>
		10 Tax-exempt bond CUSIP no. (see instructions)	
Form <b>1099-INT</b>		(keep for your records)	
Department of the Treasury - Internal Revenue Service			

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT		
<div style="font-size: 2em; font-weight: bold;">2010</div> • PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. • SEE THE REVERSE FOR MORE INFORMATION.		
Box 1. Name <b>James T. Thurston</b>	Box 2. Beneficiary's Social Security Number <b>130-XX-XXXX</b>	
Box 3. Benefits Paid in 2010 <b>\$12,000.00</b>	Box 4. Benefits Repaid to SSA in 2010	Box 5. Net Benefits for 2010 (Box 3 minus Box 4) <b>\$12,000.00</b>
DESCRIPTION OF AMOUNT IN BOX 3 <b>Paid by check or direct deposit:</b> <b>\$10,843.20</b> <b>Medicare Part B premiums deducted from your benefits:</b> <b>\$1,156.80</b> <b>Medicare Prescription Drug premiums (Part D) deducted from your benefits:</b> <b>\$0</b> <b>Total Additions:</b> <b>Benefits for 2010:</b> <b>\$12,000</b>		DESCRIPTION OF AMOUNT IN BOX 4 Box 6. Voluntary Federal Income Tax Withholding <b>\$0.00</b> Box 7. Address <b>1932 Calvins Court</b> <b>Your City, Your State</b> Box 8. Claim Number (Use this number if you need to contact SSA.)
Draft as of May 15, 2010 - Subject to Change		
Form SSA-1099-SM (1-2010) <span style="float: right;">DO NOT RETURN THIS FORM TO SSA OR IRS</span>		

## Basic Scenario 6: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer the following questions. Refer to the interview notes for special guidance related to Form 6251 and nonrefundable credits for this scenario.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 6.1** Do the Thurstons have taxable social security benefits to report on their joint return in 2010?
- a. Yes
  - b. No
- 6.2** What is the total federal income tax withholding reported on the Thurstons' tax return?
- a. \$198
  - b. \$458
  - c. \$656
  - d. \$1,100
- 6.3** What is the Thurstons' standard deduction amount? \$\_\_\_\_\_
- 6.4** What form must be completed to claim the retirement savings contribution credit? Form \_\_\_\_\_
- 6.5** What is the amount of the making work pay credit in the Payments section of the Thurstons' Form 1040?
- a. \$0
  - b. \$400
  - c. \$550
  - d. \$800
- 6.6** James and Bridget do not have enough money to pay the amount they owe by April 18, 2011. You tell them to file the return on time and to pay as much as they can with the tax return. What are their options for the remaining amount due?
- a. Pay the balance due using their credit card.
  - b. Request a "Full Pay Within 60 to 120 Days" agreement.
  - c. File an Online Payment Agreement (OPA) request at [www.irs.gov](http://www.irs.gov).
  - d. Any of the above.

- 6.7** What question on the Intake and Interview Sheet was marked incorrectly by the Thurstons based on the documents they provided?
- a. Part III, question 1 on Wages
  - b. Part III, question 4 on Interest/Dividend Income
  - c. Part III, question 11 on Unemployment Income
  - d. Part IV, question 2 on Contributions to IRA, 401(k), or Other Retirement Accounts

## Basic Scenario 7: Ashley Sawyer

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### Taxpayer Documents

- Social Security cards for Ashley, Greyson, Hayden, and Emily Sawyer
- Completed Intake and Interview Sheet
- Two Forms W-2 for Ashley Sawyer
- Form 1099-G, Unemployment Compensation, for Ashley Sawyer
- Form 1099-INT for interest income
- Statement from Extended Learning Center
- Voided personal check

### Interview Notes

- Ashley is married. Her husband, Nicolas, moved out of the house and left the family in April 2010. Ashley has not seen Nicolas since.
- Ashley provides the entire cost of maintaining the household and all the support for her three children.
- Ashley tells you that she does not want to file with her husband.
- Ashley has never itemized her deductions and will not itemize for 2010.
- Ashley was laid off in July and received unemployment compensation for four months.
- If she is due a refund, Ashley wants to purchase a \$200 savings bond and have the remaining amount direct deposited into her checking account.
- Ashley wants to designate \$3 for the Presidential Election Campaign Fund.
- Ashley is a medical secretary.
- The youngest children, Emily and Greyson, attend an after-school day-care program while Ashley works.
- Ashley did not receive an economic recovery payment in 2010.
- Important note: For purposes of this test scenario, Form 6251, Alternative Minimum Tax, line 31 amount is \$0. You may need to provide this information for the credit limit worksheet for certain nonrefundable credits.





**Section A. Page 1 and Page 2 to be completed by Taxpayer**

Thank you for allowing us to prepare your tax return. It is very important for you to provide the information on this form to help our certified volunteer preparer in completing your return. **If you have any questions, please ask.**

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as drivers license or other picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>ASHLEY</b>	M. I. <b>S</b>	Last Name <b>SAWYER</b>	Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Spouse's First Name <b>NICOLAS</b>	M. I. <b>A</b>	Last Name <b>SAWYER</b>	Is spouse a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing Address <b>129 PETERBOROUGH</b>	Apt#	City <b>YOUR CITY</b>	State <b>YS</b>	Zip Code <b>YOUR ZIP</b>
4. Phone Primary: <b>YOUR PHONE #</b>		Other: <b>E-mail NONE</b>		
5. Your Date of Birth <b>04/29/1968</b>	6. Your Occupation <b>MED SECRETARY</b>	7. Are you Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
		8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
9. Spouse's Date of Birth <b>05/15/1961</b>	10. Spouse's Occupation <b>UNKNOWN</b>	11. Is Spouse Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
13. Can your parents or someone else claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure				

**Part II. Family and Dependent Information**

1. As of December 31, 2010, your marital status was:

- ☐ Single
- ☒ Married: Did you live with your spouse during any part of the last six months of 2010? ☐ Yes ☒ No
- ☐ Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_
- ☐ Widowed: Year of spouse's death: \_\_\_\_\_

2. List the name of everyone below who lived in your home and outside your home that you supported during 2010.

If additional space is needed please check here and use page 4 for additional information. ☐

Name (first, last) Do not enter your name or Spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. son, mother, sister)	Number of months lived in your home	US Citizen or resident of the US, Canada or Mexico (yes/no)	Single as of 12/31/10 (yes/no)	Full- time student (yes/no)	Received more than \$3650 in income (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
EMILY SAWYER	08/25/02	DAUGHTER	12	YES	YES	YES	NO
GREYSON SAWYER	06/06/00	SON	12	YES	YES	YES	NO
HAYDEN SAWYER	11/27/92	SON	12	YES	YES	YES	NO

- Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.
- To report any concerns to IRS on site operating issues please call **Toll Free 1-877-330-1205** or email us at **WI.Voltax@irs.gov**.

**Section A. To be completed by Taxpayer (continued)**

**Part III. Income – In 2010, did you (or your spouse) receive: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- |                                     |                                     |                          |  |
|-------------------------------------|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 1. Wages or Salary? (Form(s) W-2)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Tip Income?   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. Scholarships? (Forms W-2, 1098-T)   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV, 1099-OID) |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. Refund of state/local income taxes previously used as a deduction on 1040 Sch A? (Form(s) 1099-G)               |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. Alimony Income?   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. Self-Employment Income/Loss (such as earnings from contract labor, small business)? (Form(s) 1099-MISC)         |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. Income (gain or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Form(s) 1099-B)     |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Disability Income (such as payments from SSA, VA, insurance, etc)? (Forms 1099-R, W-2)                          |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 10. Distributions from Pensions, Annuities, and/or IRA? (Form(s) 1099-R)   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 11. Unemployment Compensation? (Form(s) 1099-G)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 12. Social Security or Railroad Retirement Benefits? (Form(s) SSA-1099)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 13. Income (profit or loss) from Rental Property?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: _____<br>(Forms W-2 G, 1099-MISC)  |

**Part IV. Expenses – In 2010 Did you (or your spouse) pay: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- |                                     |                                     |                          |   |
|-------------------------------------|-------------------------------------|--------------------------|---|
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1. Alimony: If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Contributions to a retirement account? <input type="checkbox"/> IRA <input type="checkbox"/> Roth IRA <input type="checkbox"/> 401K <input type="checkbox"/> Other |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. Educational expenses paid for yourself, spouse or dependents? (such as tuition, books, fees, etc.)   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. Unreimbursed employee business expenses (such as mileage)?   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. Medical expenses?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. Home mortgage interest?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. Real estate taxes for your home or personal property taxes?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. Charitable contributions?  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 9. Child/dependent care expenses that allowed you and your spouse, to work or to look for work?   |

**Part V. Life Events – In 2010 Did you (or your spouse): Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- |                                     |                                     |                          |   |
|-------------------------------------|-------------------------------------|--------------------------|---|
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form(s) 1099-C)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. Buy a home? If yes, closing date _____   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? _____  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. Purchase and install energy efficient home items? (such as windows, furnace, insulation, etc.)   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. Live in an area that was affected by a natural disaster? If yes, where? _____  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. Receive the First Time Homebuyers Credit in previous years?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. Pay any student loan interest?   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Make estimated tax payments or apply last year's refund to your 2010 tax?<br>If so how much? _____   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 10. If you are due a refund, would you like a direct deposit or split your refund?  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 11. If you are due a refund, would you like information on how to purchase U.S. Savings Bonds?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 12. If you have a balance due, would you like information about all of your payment options? (such as payment directly from your bank account, check, money order, credit/debit card or payment plan) |

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Form **13614-C** (Rev. 8-2010)

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## TAXPAYER STOP HERE!

Thank you for completing this form.

### Section B. To be Completed by Certified Volunteer Only

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1 & 2 is complete. Any question marked "Unsure" must be discussed with the taxpayer and changed to "Yes" or "No".

**Must be completed ONLY if persons are listed in Part II, Question 2.**

☐ Yes ☐ No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? If yes, which ones:

\_\_\_\_\_  
\_\_\_\_\_

☐ Yes ☐ No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? If yes, which ones:

\_\_\_\_\_  
\_\_\_\_\_

☐ Yes ☐ No 3. Did any of the persons listed in Part II, Question 2 provide more than half of their own support? If yes, which ones:

\_\_\_\_\_  
\_\_\_\_\_

☐ Yes ☐ No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? If no, which ones:

☐ N/A

\_\_\_\_\_  
\_\_\_\_\_

☐ Yes ☐ No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? If yes, which ones:

\_\_\_\_\_  
\_\_\_\_\_

#### Reminder

Use Publication 17, *Your Federal Income Tax For Individuals* and Publication 4012, *Volunteer Resource Guide* in making tax law determinations.

### Section C. To be completed by a Certified Quality Reviewer

After reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer, check the final item.

1. **Section A & B** of this form are complete.

2. **Taxpayer's identity, address and phone number** was verified.

3. **Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents** match the supporting documents.

4. **Filing Status** is correctly determined.

5. **Personal and Dependency Exemptions** are entered correctly on the return.

6. All **income** shown on source documents and noted in Sections A, part III is included on the tax return.

7. Any **Adjustments to Income** are correctly reported.

8. **Standard, Additional or Itemized Deductions** are correct.

9. All **credits** are correctly reported.

10. Withholding shown on **Forms W-2, 1099 and Estimated Tax Payments** are correctly reported.

11. If **direct deposit or debit** was elected, checking/saving account and routing information match the supporting documents.

12. Correct **SIDN** is shown on the return.

☐ **All Quality Review Issues above have been addressed and necessary changes have been made.**

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<b>a</b> Employee's social security number <b>259-XX-XXXX</b>		Safe, accurate, FAST! Use				Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>
<b>b</b> Employer identification number (EIN) <b>04-7XXXXXX</b>		<b>1</b> Wages, tips, other compensation <b>\$19,500.00</b>		<b>2</b> Federal income tax withheld <b>\$950.00</b>		
<b>c</b> Employer's name, address, and ZIP code <b>LOST PINES CRAFTS 10599 LILLIAN YOUR CITY, STATE ZIP</b>		<b>3</b> Social security wages <b>\$19,500.00</b>		<b>4</b> Social security tax withheld <b>\$1,209.00</b>		
		<b>5</b> Medicare wages and tips <b>\$19,500.00</b>		<b>6</b> Medicare tax withheld <b>\$282.75</b>		
		<b>7</b> Social security tips		<b>8</b> Allocated tips		
<b>d</b> Control number		<b>9</b> Advance EIC payment		<b>10</b> Dependent care benefits		
<b>e</b> Employee's first name and initial      Last name      Suff.  <b>ASHLEY S. SAWYER 129 PETERBOROUGH YOUR CITY, STATE ZIP</b>		<b>11</b> Nonqualified plans		<b>12a</b> See instructions for box 12		
		<b>13</b> Statutory employee      Retirement plan      Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		<b>12b</b>		
		<b>14</b> Other		<b>12c</b>		
				<b>12d</b>		
<b>f</b> Employee's address and ZIP code						
<b>15</b> State      Employer's state ID number <b>YS      04-7XXXXXX</b>	<b>16</b> State wages, tips, etc. <b>\$19,500.00</b>	<b>17</b> State income tax <b>\$275.00</b>	<b>18</b> Local wages, tips, etc.	<b>19</b> Local income tax	<b>20</b> Locality name	

Form **W-2** Wage and Tax Statement

**2010**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.

<b>a</b> Employee's social security number <b>259-XX-XXXX</b>		Safe, accurate, FAST! Use				Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>
<b>b</b> Employer identification number (EIN) <b>04-2XXXXXX</b>		<b>1</b> Wages, tips, other compensation <b>\$8,000.00</b>		<b>2</b> Federal income tax withheld <b>\$500.00</b>		
<b>c</b> Employer's name, address, and ZIP code <b>ORTHOPEDIC SERVICES, PA 1270 WEST 29TH STREET YOUR CITY, STATE ZIP</b>		<b>3</b> Social security wages <b>\$8,000.00</b>		<b>4</b> Social security tax withheld <b>\$496.00</b>		
		<b>5</b> Medicare wages and tips <b>\$8,000.00</b>		<b>6</b> Medicare tax withheld <b>\$116.00</b>		
		<b>7</b> Social security tips		<b>8</b> Allocated tips		
<b>d</b> Control number		<b>9</b> Advance EIC payment		<b>10</b> Dependent care benefits		
<b>e</b> Employee's first name and initial      Last name      Suff.  <b>ASHLEY S. SAWYER 129 PETERBOROUGH YOUR CITY, STATE ZIP</b>		<b>11</b> Nonqualified plans		<b>12a</b> See instructions for box 12		
		<b>13</b> Statutory employee      Retirement plan      Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		<b>12b</b>		
		<b>14</b> Other		<b>12c</b>		
				<b>12d</b>		
<b>f</b> Employee's address and ZIP code						
<b>15</b> State      Employer's state ID number <b>YS      04-2XXXXXX</b>	<b>16</b> State wages, tips, etc. <b>\$8,000.00</b>	<b>17</b> State income tax <b>\$97.00</b>	<b>18</b> Local wages, tips, etc.	<b>19</b> Local income tax	<b>20</b> Locality name	

Form **W-2** Wage and Tax Statement

**2010**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.



<input checked="" type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0120  <div style="font-size: 2em; font-weight: bold;">2010</div>		<b>Certain Government Payments</b>
PAYER'S name, street address, city, state, ZIP code, and telephone no.  <b>STATE UNEMPLOYMENT COMMISSION 1000 GOVERNMENT PLAZA YOUR CITY, STATE ZIP</b>		<div style="display: flex;"> <div style="flex: 1;"> <b>1</b> Unemployment compensation \$ <b>4,000.00</b> </div> <div style="flex: 1;"> <b>2</b> State or local income tax refunds, credits, or offsets \$         </div> </div>		
PAYER'S federal identification number <b>04-8XXXXXX</b>		RECIPIENT'S identification number <b>259-XX-XXXX</b>		<b>Copy B For Recipient</b>  <small>This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.</small>
RECIPIENT'S name  <b>ASHLEY S. SAWYER</b>		<b>3</b> Box 2 amount is for tax year		
Street address (including apt. no.) <b>129 PETERBOROUGH</b>		<b>4</b> Federal income tax withheld \$ <b>700.00</b>		
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>5</b> ATA payments \$		
Account number (see instructions)		<b>6</b> Taxable energy grants \$		
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>7</b> Agriculture payments \$		<b>8</b> Check if box 2 is trade or business income <input type="checkbox"/>
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>9</b> Market gain \$		
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>10a</b> State <b>10b</b> State identification no.		
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>11</b> State income tax withheld		

Form **1099-G**
(keep for your records)
Department of the Treasury - Internal Revenue Service

<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0112  <div style="font-size: 2em; font-weight: bold;">2010</div>		<b>Interest Income</b>
PAYER'S name, street address, city, state, ZIP code, and telephone no.  <b>Bank of America 150 Main Street Your City, State 00000</b>		Payer's RTN (optional)  <b>1</b> Interest income \$ <b>200.00</b>		
PAYER'S federal identification number <b>04-4XXXXXX</b>		RECIPIENT'S identification number <b>259-XX-XXXX</b>		<b>Copy B For Recipient</b>  <small>This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.</small>
RECIPIENT'S name  <b>ASHLEY S. SAWYER</b>		<b>2</b> Early withdrawal penalty \$ <b>20.00</b>		
Street address (including apt. no.) <b>129 PETERBOROUGH</b>		<b>3</b> Interest on U.S. Savings Bonds and Treas. obligations \$		
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>4</b> Federal income tax withheld \$		
Account number (see instructions)		<b>5</b> Investment expenses \$		
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>6</b> Foreign tax paid \$		<b>7</b> Foreign country or U.S. possession
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>8</b> Tax-exempt interest \$		
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>9</b> Specified private activity bond interest \$		
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>10</b> Tax-exempt bond CUSIP no. (see instructions)		

Form **1099-INT**
(keep for your records)
Department of the Treasury - Internal Revenue Service



**Extended Learning  
Center**

3030 Joann  
Your City, Your State Your Zip

December 31, 2010

Received from Ashley S. Sawyer:

\$700 for after-school care for Emily Sawyer.

\$500 for after-school care for Greyson Sawyer.

\$1,200 Total Amount Received

Della Krause

EIN: 03-3XXXXXX

**Ashley S. Sawyer**  
129 Peterborough  
Your City, State 00000

**1234**

15-0000000000

PAY TO THE  
ORDER OF

20

\$

DOLLARS

**Bank of America**  
Anytown, State 00000

For

: 111000025 : 123456789 1234

## Basic Scenario 7: Test Questions

---

### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer the following questions. Refer to the interview notes for special guidance related to Form 6251 and nonrefundable credits for this scenario.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 7.1** What is Ashley's filing status?
- a. Single
  - b. Married Filing Jointly
  - c. Married Filing Separately
  - d. Head of Household
- 7.2** What is the total amount of adjustments in determining adjusted gross income on Form 1040, page 1?
- a. \$ 0
  - b. \$ 20
  - c. \$ 200
  - d. \$ 400
- 7.3** What is Ashley's standard deduction amount? \$\_\_\_\_\_
- 7.4** What is the credit for child and dependent care expenses on Form 2441?
- a. \$0
  - b. \$216
  - c. \$312
  - d. \$800
- 7.5** Whom can Ashley claim for the child tax credit?
- a. Emily
  - b. Emily and Greyson
  - c. Emily, Greyson, and Hayden
  - d. None of the children qualify Ashley for the child tax credit.
- 7.6** What is the amount of Ashley's earned income credit in the Payments section on Form 1040? \$\_\_\_\_\_.

- 7.7** What is the amount of Ashley's additional child tax credit in the Payments section of Form 1040?
- a. \$0
  - b. \$1,444
  - c. \$1,459
  - d. \$2,000
- 7.8** Ashley wants to buy a savings bond with part of her refund. Which form needs to be completed? Form \_\_\_\_\_

## Basic Scenario 8: Serena Livingston

---

### Taxpayer Documents

- Social security cards for Serena Livingston, Charlie Livingston, and Erika Livingston
- Completed Intake and Interview Sheet
- Two Forms W-2 for Serena
- Form 1099-INT from First National Bank and Trust

### Interview Notes

- Another volunteer has completed the tax return for Serena Livingston. You have been asked to perform the quality review.
- Use Form 13614-C, Section C, as a tool in this review.
- Serena Livingston is not married and lives with her two children, Charlie and Erika. The children lived with her the entire year of 2010. Serena and her children have not had any contact with the children's father since 1999.
- Serena provides the entire cost of maintaining the household and all the support for the family.
- Erika and Charlie are both high school students and have no income.
- Serena has never itemized her deductions and will not itemize for 2010.
- Serena does not want to designate \$3 to go to the Presidential Election Campaign Fund.
- If Serena is due a refund, she wants the check mailed to her.
- Serena is an office clerk.
- Serena did not receive an economic recovery payment in 2010.



**Intake/Interview & Quality Review Sheet****Section A. Page 1 and Page 2 to be completed by Taxpayer**

Thank you for allowing us to prepare your tax return. It is very important for you to provide the information on this form to help our certified volunteer preparer in completing your return. **If you have any questions, please ask.**

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as drivers license or other picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>SERENA</b>	M. I.	Last Name <b>LIVINGSTON</b>	Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Spouse's First Name	M. I.	Last Name	Is spouse a U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing Address <b>1492 COLUMBUS DRIVE</b>	Apt#	City <b>YOUR CITY</b>	State <b>YS</b> Zip Code <b>YOUR ZIP</b>
4. Phone Primary: <b>YOUR PHONE #</b> Other:	E-mail <b>NONE</b>		
5. Your Date of Birth <b>11/29/1966</b>	6. Your Occupation <b>OFFICE CLERK</b>	7. Are you Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Spouse's Date of Birth	10. Spouse's Occupation	11. Is Spouse Legally Blind <input type="checkbox"/> Yes <input type="checkbox"/> No	12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input type="checkbox"/> No
13. Can your parents or someone else claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure			

**Part II. Family and Dependent Information**

1. As of December 31, 2010, your marital status was:

- ☒ Single
- ☐ Married: Did you live with your spouse during any part of the last six months of 2010? ☐ Yes ☐ No
- ☐ Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_
- ☐ Widowed: Year of spouse's death: \_\_\_\_\_

2. List the name of everyone below who lived in your home and outside your home that you supported during 2010.  
If additional space is needed please check here and use page 4 for additional information. ☐

Name (first, last) Do not enter your name or Spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. son, mother, sister)	Number of months lived in your home	US Citizen or resident of the US, Canada or Mexico (yes/no)	Single as of 12/31/10 (yes/no)	Full- time student (yes/no)	Received more than \$3650 in income (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>CHARLIE LIVINGSTON</b>	<b>05/10/94</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>NO</b>
<b>ERIKA LIVINGSTON</b>	<b>12/05/92</b>	<b>DAUGHTER</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>NO</b>

- Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.
- To report any concerns to IRS on site operating issues please call **Toll Free 1-877-330-1205** or email us at **WI.Voltax@irs.gov**.



**Section A. To be completed by Taxpayer (continued)**

**Part III. Income – In 2010, did you (or your spouse) receive: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- ☒ ☐ ☐ 1. Wages or Salary? (Form(s) W-2)
- ☐ ☒ ☐ 2. Tip Income?
- ☐ ☒ ☐ 3. Scholarships? (Forms W-2, 1098-T)
- ☒ ☐ ☐ 4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV, 1099-OID)
- ☐ ☒ ☐ 5. Refund of state/local income taxes previously used as a deduction on 1040 Sch A? (Form(s) 1099-G)
- ☐ ☒ ☐ 6. Alimony Income?
- ☐ ☒ ☐ 7. Self-Employment Income/Loss (such as earnings from contract labor, small business)? (Form(s) 1099-MISC)
- ☐ ☒ ☐ 8. Income (gain or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Form(s) 1099-B)
- ☐ ☒ ☐ 9. Disability Income (such as payments from SSA, VA, insurance, etc)? (Forms 1099-R, W-2)
- ☐ ☒ ☐ 10. Distributions from Pensions, Annuities, and/or IRA? (Form(s) 1099-R)
- ☐ ☒ ☐ 11. Unemployment Compensation? (Form(s) 1099-G)
- ☐ ☒ ☐ 12. Social Security or Railroad Retirement Benefits? (Form(s) SSA-1099)
- ☐ ☒ ☐ 13. Income (profit or loss) from Rental Property?
- ☐ ☒ ☐ 14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: \_\_\_\_\_  
(Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2010 Did you (or your spouse) pay: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- ☐ ☒ ☐ 1. Alimony: If yes, do you have the recipient's SSN? ☐ Yes ☐ No
- ☐ ☒ ☐ 2. Contributions to a retirement account? ☐ IRA ☐ Roth IRA ☐ 401K ☐ Other
- ☐ ☒ ☐ 3. Educational expenses paid for yourself, spouse or dependents? (such as tuition, books, fees, etc.)
- ☐ ☒ ☐ 4. Unreimbursed employee business expenses (such as mileage)?
- ☐ ☒ ☐ 5. Medical expenses?
- ☐ ☒ ☐ 6. Home mortgage interest?
- ☐ ☒ ☐ 7. Real estate taxes for your home or personal property taxes?
- ☐ ☒ ☐ 8. Charitable contributions?
- ☐ ☒ ☐ 9. Child/dependent care expenses that allowed you and your spouse, to work or to look for work?

**Part V. Life Events – In 2010 Did you (or your spouse): Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- ☐ ☒ ☐ 1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
- ☐ ☒ ☐ 2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form(s) 1099-C)
- ☐ ☒ ☐ 3. Buy a home? If yes, closing date \_\_\_\_\_
- ☐ ☒ ☐ 4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? \_\_\_\_\_
- ☐ ☒ ☐ 5. Purchase and install energy efficient home items? (such as windows, furnace, insulation, etc.)
- ☐ ☒ ☐ 6. Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
- ☐ ☒ ☐ 7. Receive the First Time Homebuyers Credit in previous years?
- ☐ ☒ ☐ 8. Pay any student loan interest?
- ☐ ☒ ☐ 9. Make estimated tax payments or apply last year's refund to your 2010 tax?  
If so how much? \_\_\_\_\_
- ☐ ☒ ☐ 10. If you are due a refund, would you like a direct deposit or split your refund?
- ☐ ☒ ☐ 11. If you are due a refund, would you like information on how to purchase U.S. Savings Bonds?
- ☐ ☒ ☐ 12. If you have a balance due, would you like information about all of your payment options? (such as payment directly from your bank account, check, money order, credit/debit card or payment plan)

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## TAXPAYER STOP HERE!

Thank you for completing this form.

### Section B. To be Completed by Certified Volunteer Only

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1 & 2 is complete. Any question marked "Unsure" must be discussed with the taxpayer and changed to "Yes" or "No".

**Must be completed ONLY if persons are listed in Part II, Question 2.**

- ☐ Yes ☒ No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☒ No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☒ No 3. Did any of the persons listed in Part II, Question 2 provide more than half of their own support? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? If no, which ones:  
☒ N/A  
\_\_\_\_\_  
\_\_\_\_\_
- ☒ Yes ☐ No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? If yes, which ones:  
\_\_\_\_\_

**CHARLIE LIVINGSTON, ERIKA LIVINGSTON**  
\_\_\_\_\_  
\_\_\_\_\_

#### Reminder

Use Publication 17, *Your Federal Income Tax For Individuals* and Publication 4012, *Volunteer Resource Guide* in making tax law determinations.

### Section C. To be completed by a Certified Quality Reviewer

After reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer, check the final item.

1. **Section A & B** of this form are complete.
2. **Taxpayer's identity, address and phone number** was verified.
3. **Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents** match the supporting documents.
4. **Filing Status** is correctly determined.
5. **Personal and Dependency Exemptions** are entered correctly on the return.
6. All **income** shown on source documents and noted in Sections A, part III is included on the tax return.
7. Any **Adjustments to Income** are correctly reported.
8. **Standard, Additional or Itemized Deductions** are correct.
9. All **credits** are correctly reported.
10. Withholding shown on **Forms W-2,1099 and Estimated Tax Payments** are correctly reported.
11. If **direct deposit or debit** was elected, checking/saving account and routing information match the supporting documents.
12. Correct **SIDN** is shown on the return.
- ☐ **All Quality Review Issues above have been addressed and necessary changes have been made.**

Catalog Number 52121E

Form **13614-C** (Rev. 8-2010)

3

<b>a</b> Employee's social security number <b>150-XX-XXXX</b>		Safe, accurate, FAST! Use		Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>		OMB No. 1545-0008	
<b>b</b> Employer identification number (EIN) <b>06-1XXXXXX</b>		<b>1</b> Wages, tips, other compensation <b>\$13,500.00</b>		<b>2</b> Federal income tax withheld <b>\$965.00</b>			
<b>c</b> Employer's name, address, and ZIP code  <b>METRO LEGAL OFFICES 9650 PECAN YOUR CITY, STATE ZIP</b>		<b>3</b> Social security wages <b>\$13,500.00</b>		<b>4</b> Social security tax withheld <b>\$837.00</b>			
		<b>5</b> Medicare wages and tips <b>\$13,500.00</b>		<b>6</b> Medicare tax withheld <b>\$196.00</b>			
		<b>7</b> Social security tips		<b>8</b> Allocated tips			
		<b>9</b> Advance EIC payment		<b>10</b> Dependent care benefits			
<b>d</b> Control number							
<b>e</b> Employee's first name and initial      Last name  <b>SERENA LIVINGSTON 1492 COLUMBUS DRIVE YOUR CITY, STATE ZIP</b>		<b>11</b> Nonqualified plans  <b>13</b> Statutory employee      Retirement plan      Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <b>14</b> Other		<b>12a</b> See instructions for box 12			
				<b>12b</b>			
				<b>12c</b>			
				<b>12d</b>			
<b>f</b> Employee's address and ZIP code							
<b>15</b> State      Employer's state ID number <b>YS      06-1XXXXXX</b>		<b>16</b> State wages, tips, etc. <b>\$13,500.00</b>		<b>17</b> State income tax <b>\$124.00</b>		<b>18</b> Local wages, tips, etc.	
						<b>19</b> Local income tax <b>20</b> Locality name	

Form **W-2** Wage and Tax  
Statement

**2010**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.

<b>a</b> Employee's social security number <b>150-XX-XXXX</b>		Safe, accurate, FAST! Use		Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>		OMB No. 1545-0008	
<b>b</b> Employer identification number (EIN) <b>06-2XXXXXX</b>		<b>1</b> Wages, tips, other compensation <b>\$7,750.00</b>		<b>2</b> Federal income tax withheld <b>\$858.00</b>			
<b>c</b> Employer's name, address, and ZIP code  <b>LARAMIE, SNEED, &amp; COLT, PA 4007 OCEAN SIDE DRIVE, STE 500 YOUR CITY, STATE ZIP</b>		<b>3</b> Social security wages <b>\$7,750.00</b>		<b>4</b> Social security tax withheld <b>\$481.00</b>			
		<b>5</b> Medicare wages and tips <b>\$7,750.00</b>		<b>6</b> Medicare tax withheld <b>\$112.00</b>			
		<b>7</b> Social security tips		<b>8</b> Allocated tips			
		<b>9</b> Advance EIC payment		<b>10</b> Dependent care benefits			
<b>d</b> Control number							
<b>e</b> Employee's first name and initial      Last name  <b>SERENA LIVINGSTON 1492 COLUMBUS DRIVE YOUR CITY, STATE ZIP</b>		<b>11</b> Nonqualified plans  <b>13</b> Statutory employee      Retirement plan      Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>14</b> Other		<b>12a</b> See instructions for box 12			
				<b>12b</b>			
				<b>12c</b>			
				<b>12d</b>			
<b>f</b> Employee's address and ZIP code							
<b>15</b> State      Employer's state ID number <b>YS      06-2XXXXXX</b>		<b>16</b> State wages, tips, etc. <b>\$7,750.00</b>		<b>17</b> State income tax <b>\$93.00</b>		<b>18</b> Local wages, tips, etc.	
						<b>19</b> Local income tax <b>20</b> Locality name	

Form **W-2** Wage and Tax  
Statement

**2010**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. <b>FIRST NATIONAL BANK AND TRUST</b> <b>1000 MAIN STREET</b> <b>YOUR CITY, STATE ZIP</b>		Payer's RTN (optional)	OMB No. 1545-0112	
PAYER'S federal identification number <b>05-5XXXXXX</b>		1 Interest income <b>\$ 100.00</b>	<b>2010</b> Interest Income Form <b>1099-INT</b>	
RECIPIENT'S identification number <b>150-XX-XXXX</b>		2 Early withdrawal penalty \$		
RECIPIENT'S name <b>SERENA LIVINGSTON</b> Street address (including apt. no.) <b>1492 COLUMBUS DRIVE</b> City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b> Account number (see instructions)		3 Interest on U.S. Savings Bonds and Treas. obligations \$	<b>Copy B</b> <b>For Recipient</b> This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
		4 Federal income tax withheld \$		5 Investment expenses \$
		6 Foreign tax paid \$		7 Foreign country or U.S. possession
		8 Tax-exempt interest \$		9 Specified private activity bond interest \$
		10 Tax-exempt bond CUSIP no. (see instructions)		
Form <b>1099-INT</b>		(keep for your records)		Department of the Treasury - Internal Revenue Service



Form **1040**

Department of the Treasury—Internal Revenue Service

**U.S. Individual Income Tax Return** **2010**

(99)

IRS Use Only—Do not write or staple in this space.

**Label**

(See instructions on page 14.)

**Use the IRS label.**

Otherwise, please print or type.

L  
A  
B  
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R  
E

For the year Jan. 1–Dec. 31, 2010, or other tax year beginning , 2010, ending , 20

OMB No. 1545-0074

Your first name and initial

Last name

**SERENA****LEVINGSTON**

If a joint return, spouse's first name and initial

Last name

**Your social security number****1 5 0 X X X X X****Spouse's social security number**

Home address (number and street). If you have a P.O. box, see page 14.

Apt. no.

**1492 COLUMBUS DRIVE**

City, town or post office, state, and ZIP code, if you have a foreign address, see page 14.

**YOUR CITY, STATE ZIP**

▲ Make sure the SSN(s) above and on line 6c are correct.

Checking a box below will not change your tax or refund.

**Presidential Election Campaign**

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 14) ▶

☐ You☐ Spouse**Filing Status**1 ☐ Single2 ☐ Married filing jointly (even if only one had income)3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶4 ☒ Head of household (with qualifying person). (See page 15.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶5 ☐ Qualifying widow(er) with dependent child (see page 16)

Check only one box.

**Exemptions**6a ☒ **Yourself.** If someone can claim you as a dependent, do not check box 6a . . . . .b ☐ **Spouse** . . . . .c **Dependents:**

(1) First name Last name

(2) Dependent's social security number

(3) Dependent's relationship to you

(4) ☒ If qualifying child for child tax credit (see page 17)**CHARLIE LIVINGSTON****1 5 6 X X X X X****Son**☒**ERIKA LIVINGSTON****1 5 5 X X X X X****Daughter**☐**Boxes checked on 6a and 6b****No. of children on 6c who:**• **lived with you**• **did not live with you due to divorce or separation (see page 18)****Dependents on 6c not entered above****Add numbers on lines above ▶**If more than four dependents, see page 17 and check here ▶ ☐d **Total number of exemptions claimed** . . . . .**Income**7 **Wages, salaries, tips, etc.** Attach Form(s) W-2 . . . . .7 **21,250**8a **Taxable interest.** Attach Schedule B if required . . . . .8a **50**b **Tax-exempt interest.** Do not include on line 8a . . . . .

8b

9a **Ordinary dividends.** Attach Schedule B if required . . . . .

9a

b **Qualified dividends (see page 22)** . . . . .

9b

10 **Taxable refunds, credits, or offsets of state and local income taxes (see page 23)** . . . . .

10

11 **Alimony received** . . . . .

11

12 **Business income or (loss).** Attach Schedule C or C-EZ . . . . .

12

13 **Capital gain or (loss).** Attach Schedule D if required. If not required, check here ▶ ☐

13

14 **Other gains or (losses).** Attach Form 4797 . . . . .

14

15a **IRA distributions** . . . . .

15a

b **Taxable amount (see page 24)** . . . . .

15b

16a **Pensions and annuities** . . . . .

16a

b **Taxable amount (see page 25)** . . . . .

16b

17 **Rental real estate, royalties, partnerships, S corporations, trusts, etc.** Attach Schedule E . . . . .

17

18 **Farm income or (loss).** Attach Schedule F . . . . .

18

19 **Unemployment compensation (see page 27)** . . . . .

19

20a **Social security benefits** . . . . .

20a

b **Taxable amount (see page 27)** . . . . .

20b

21 **Other income.** List type and amount (see page 29) . . . . .

21

22 **Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶**22 **21,300****Adjusted Gross Income**23 **RESERVED (see page 29)** . . . . .

23

24 **Certain business expenses of reservists, performing artists, and fee-basis government officials.** Attach Form 2106 or 2106-EZ . . . . .

24

25 **Health savings account deduction.** Attach Form 8889 . . . . .

25

26 **Moving expenses.** Attach Form 3903 . . . . .

26

27 **One-half of self-employment tax.** Attach Schedule SE . . . . .

27

28 **Self-employed SEP, SIMPLE, and qualified plans** . . . . .

28

29 **Self-employed health insurance deduction (see page 30)** . . . . .

29

30 **Penalty on early withdrawal of savings** . . . . .

30

31a **Alimony paid** b **Recipient's SSN ▶** . . . . .

31a

32 **IRA deduction (see page 31)** . . . . .

32

33 **Student loan interest deduction (see page 34)** . . . . .

33

34 **RESERVED (see page 35)** . . . . .

34

35 **Domestic production activities deduction.** Attach Form 8903 . . . . .

35

36 **Add lines 23 through 31a and 32 through 35** . . . . .

36

37 **Subtract line 36 from line 22. This is your adjusted gross income ▶**37 **21,300**

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 97.

Cat. No. 11320B

Form **1040** (2010)

**Tax and Credits**

38	Amount from line 37 (adjusted gross income)	38	21,300
39a	Check <input type="checkbox"/> You were born before January 2, 1946, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1946, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> 39a		
b	If your spouse itemizes on a separate return or you were a dual-status alien, see page 35 and check here <input type="checkbox"/> 39b		
40	Itemized deductions (from Schedule A) or your standard deduction (see page 35)	40	8,400
41	Subtract line 40 from line 38	41	12,900
42	Exemptions. Multiply \$3,650 by the number on line 6d.	42	10,950
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	1,950
44	Tax (see page 37). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	44	196
45	Alternative minimum tax (see page 40). Attach Form 6251	45	
46	Add lines 44 and 45	46	196
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Education credits from Form 8863, line 23	49	
50	Retirement savings contributions credit. Attach Form 8880	50	
51	Child tax credit (see page 42)	51	196
52	Residential energy credits. Attach Form 5695	52	
53	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	53	
54	Add lines 47 through 53. These are your total credits	54	196
55	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-	55	0

**Other Taxes**

56	Self-employment tax. Attach Schedule SE	56	
57	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	57	
58	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	58	
59	a <input type="checkbox"/> Form(s) W-2, box 9 b <input type="checkbox"/> Schedule H, line 27 c <input type="checkbox"/> Form 5405, line 16	59	
60	Add lines 55 through 59. This is your total tax	60	0

**Payments**

If you have a qualifying child, attach Schedule EIC.

61	Federal income tax withheld from Forms W-2 and 1099	61	858
62	2010 estimated tax payments and amount applied from 2009 return	62	
63	Making work pay credit. Attach Schedule M	63	400
64a	Earned income credit (EIC)	64a	
b	Nontaxable combat pay election <input type="checkbox"/> 64b		
65	Additional child tax credit. Attach Form 8812	65	804
66	American opportunity credit from Form 8863, line 14	66	
67	First-time homebuyer credit from Form 5405, line 10	67	
68	Amount paid with request for extension to file (see page 72)	68	
69	Excess social security and tier 1 RRTA tax withheld (see page 72)	69	
70	Credit for federal tax on fuels. Attach Form 4136	70	
71	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	71	
72	Add lines 61, 62, 63, 64a, and 65 through 71. These are your total payments	72	2,062

**Refund**

Direct deposit? See page 73 and fill in 74b, 74c, and 74d, or Form 8888.

73	If line 72 is more than line 60, subtract line 60 from line 72. This is the amount you overpaid	73	2,062
74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	74a	2,062
b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number		
75	Amount of line 73 you want applied to your 2011 estimated tax	75	

**Amount You Owe**

76	Amount you owe. Subtract line 72 from line 60. For details on how to pay, see page 74	76	
77	Estimated tax penalty (see page 74)	77	

**Third Party Designee**

Do you want to allow another person to discuss this return with the IRS (see page 75)? ☐ Yes. Complete the following. ☒ No

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

**Sign Here**

Joint return? See page 15. 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  Daytime phone number

Spouse's signature. If a joint return, both must sign.  Date  Spouse's occupation  YOUR PHONE NO.

**Paid Preparer Use Only**

Print/Type preparer's name  Preparer's signature  Date  Check ☐ if self-employed PTIN

Firm's name  Firm's EIN  Phone no.



## Basic Scenario 8: Test Questions

---

### Directions

You are conducting a quality review of Serena's tax return, which was prepared by another volunteer tax preparer. Serena is sitting with you, as you conduct the review. Using Form 13614-C, your resource materials, and all of the taxpayer's documents, conduct a quality review of the tax return and answer the questions below. Form 13614-C, Section C, should be completed for this review.

- 8.1** Select the name(s) entered incorrectly on Form 1040.
- a. Serena's name
  - b. Charlie's name
  - c. Erika's name
  - d. Both Charlie's and Erika's names
- 8.2** Which social security number is entered incorrectly on Form 1040?
- a. Serena's
  - b. Charlie's
  - c. Erika's
  - d. All are correct
- 8.3** Serena's correct adjusted gross income is \$21,300.
- a. True
  - b. False
- 8.4** Which item from a Form W-2 was not included on Form 1040?
- a. Federal income tax withholding
  - b. Social security tips
  - c. Dependent care benefits
  - d. Wages
- 8.5** Which credit does Serena qualify for, but was not included on her return?
- a. Earned income credit
  - b. Child tax credit
  - c. Making work pay credit
  - d. Additional child tax credit







## 2010 6744 Test – Intermediate Course

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The first two scenarios do not require you to prepare a tax return. Read the scenario carefully and use your training and reference tools to answer the questions after the scenario.

### Intermediate Scenario 1: Kathy Greenlee

---

#### Interview Notes

- Kathy is 53 years old.
- Kathy and her husband, Miles, have lived apart for two years but have not legally separated or divorced. Kathy does not want to file a tax return with him.
- Kathy's 22-year-old unmarried son, Alex, lost his job and moved into Kathy's house in November 2009. He is not a student and is not disabled.
- Alex lived with his mother for all of 2010.
- Alex's Form 1099-G shows unemployment compensation of \$7,150. This was his only income.
- Kathy paid all the household expenses and provided over half of Alex's support.
- Kathy, Miles, and Alex are all U.S. citizens and have valid social security numbers.

### Intermediate Scenario 1: Test Questions

---

#### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 9.1** What is Kathy's correct filing status?
- a. Single
  - b. Head of Household
  - c. Married Filing Separately
  - d. Married Filing Jointly
- 9.2** Is Alex eligible for the making work pay credit?
- a. Yes, because he has income over \$6,451.
  - b. No, because he can be claimed as a dependent.
  - c. Yes, because he is under age 24.
  - d. No, because he has no earned income.

## Intermediate Scenario 2: Alonzo Maricopa

---

### Interview Notes

- Alonzo's correct filing status is Single, and he is 32 years old.
- Alonzo's wages are \$27,000.
- He plans to itemize his deductions.
- For the last 2 years, Alonzo has been employed at the same job site in a nearby town. He drives 20 miles from home to work and 20 miles back from work to home for a total of 10,000 miles in 2010.
- Alonzo is employed as a construction worker. He brought in receipts for the following job related expenses:
  - Union dues
  - Hard hat (required by employer)
  - Jeans
  - Saw blades and sandpaper (used for work but will last less than one year)
- Alonzo is a U.S. citizen and has a valid social security number.

## Intermediate Scenario 2 Test Question

---

### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 10.1** Which of these job-related expenses *cannot* be included on Alonzo's Schedule A?
- a. Union dues
  - b. Hard hat
  - c. Jeans
  - d. Saw blades and sandpaper
- 10.2** How much can Alonzo deduct for his mileage to work? \$\_\_\_\_\_

## Intermediate Scenario 3: Evan James Dawson

---

### Taxpayer Documents

- Social security card for Evan James Dawson
- Social security card for Noah Ryan Dawson
- Completed Intake/Interview & Quality Review Sheet
- Form W-2
- Form 1099-R
- Form 1098
- Form 1098-T

### Interview Notes

- Evan James Dawson is an electrician. He divorced in 2004 and has a son, Noah, who lived with him all year.
- Evan provided all of the cost of keeping up the home.
- Noah provided less than 50% of his own support.
- Evan did not itemize deductions last year.
- In 2010, Noah was a third-year student at Brown College. Noah lived at home with Evan while attending classes. Noah is pursuing a degree in Computer Science. Evan spent \$634 on course-related books and paid tuition as reported on Form 1098-T. Noah's total tuition was \$11,800, but he received a scholarship that covered \$9,000 of this amount. Noah does not have a felony drug conviction.
- Evan had major medical problems in 2010 and cashed in his 401(k) to pay his medical bills.
- Evan purchased his current home in 2008 and received a \$7,500 first-time home-buyer credit on his 2008 tax return.
- Evan wants to know if he has enough deductions to itemize. He was treated for a serious illness in 2010 and had no medical insurance. He gives you receipts, statements, and cancelled checks for the following items he would like to deduct:
  - Unreimbursed doctor bills for \$2,000
  - Unreimbursed hospital bills for \$4,000
  - Unreimbursed prescription drugs for \$595
  - Unreimbursed nonprescription herbal supplements for \$300
  - Cancelled check for a donation to the United Way for \$100
  - Evan tells you that he also gave \$20 to a homeless man
  - A statement received from his church showing donations made throughout the year of \$520
  - A receipt from a Goodwill drop-off center for the donation of a table, refrigerator, and stove; they were in good, used condition and had a thrift shop value of \$210

- Form 1098 showing qualified mortgage insurance premiums, interest, and real estate taxes paid.
- Evan bought a \$2 lottery ticket every week, for a total of \$104. Evan had no winnings.
- Evan does not want to designate \$3 to the Presidential Election Campaign.
- Evan did not receive an economic recovery payment in 2010.
- Important note: For purposes of this test scenario, Form 6251, Alternative Minimum Tax, line 31 amount is \$0. You may need to provide this information for the credit limit worksheet for certain nonrefundable credits.





**Section A. Page 1 and Page 2 to be completed by Taxpayer**

Thank you for allowing us to prepare your tax return. It is very important for you to provide the information on this form to help our certified volunteer preparer in completing your return. **If you have any questions, please ask.**

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as drivers license or other picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>EVAN</b>	M. I. <b>J</b>	Last Name <b>DAWSON</b>	Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Spouse's First Name	M. I.	Last Name	Is spouse a U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing Address <b>847 MESA AVE</b>	Apt#	City <b>YOUR CITY</b>	State <b>YS</b>	Zip Code <b>YOUR ZIP</b>
4. Phone Primary: <b>YOUR PHONE #</b>	Other:		E-mail <b>NONE</b>	
5. Your Date of Birth <b>08/10/1962</b>	6. Your Occupation <b>ELECTRICIAN</b>	7. Are you Legally Blind	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		8. Totally and Permanently Disabled	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9. Spouse's Date of Birth	10. Spouse's Occupation	11. Is Spouse Legally Blind	<input type="checkbox"/> Yes <input type="checkbox"/> No	
		12. Totally and Permanently Disabled	<input type="checkbox"/> Yes <input type="checkbox"/> No	
13. Can your parents or someone else claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure				

**Part II. Family and Dependent Information**

1. As of December 31, 2010, your marital status was:

☐ Single

☐ Married: Did you live with your spouse during any part of the last six months of 2010? ☐ Yes ☐ No

☒ Divorced or Legally Separated: Date of final decree or separate maintenance agreement: **01/20/2004**

☐ Widowed: Year of spouse's death: \_\_\_\_\_

2. List the name of everyone below who lived in your home and outside your home that you supported during 2010.  
If additional space is needed please check here and use page 4 for additional information. ☐

Name (first, last) Do not enter your name or Spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. son, mother, sister)	Number of months lived in your home	US Citizen or resident of the US, Canada or Mexico (yes/no)	Single as of 12/31/10 (yes/no)	Full- time student (yes/no)	Received more than \$3650 in income (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>NOAH DAWSON</b>	<b>06/09/89</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>NO</b>

- Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.
- To report any concerns to IRS on site operating issues please call **Toll Free 1-877-330-1205** or email us at **WI.Voltax@irs.gov**.

**Section A. To be completed by Taxpayer (continued)**

**Part III. Income – In 2010, did you (or your spouse) receive: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- |                                     |                                     |                          |  |
|-------------------------------------|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 1. Wages or Salary? (Form(s) W-2)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Tip Income?   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 3. Scholarships? (Forms W-2, 1098-T)   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV, 1099-OID) |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. Refund of state/local income taxes previously used as a deduction on 1040 Sch A? (Form(s) 1099-G)               |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. Alimony Income?   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. Self-Employment Income/Loss (such as earnings from contract labor, small business)? (Form(s) 1099-MISC)         |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. Income (gain or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Form(s) 1099-B)     |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Disability Income (such as payments from SSA, VA, insurance, etc)? (Forms 1099-R, W-2)                          |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 10. Distributions from Pensions, Annuities, and/or IRA? (Form(s) 1099-R)   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 11. Unemployment Compensation? (Form(s) 1099-G)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 12. Social Security or Railroad Retirement Benefits? (Form(s) SSA-1099)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 13. Income (profit or loss) from Rental Property?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: _____<br>(Forms W-2 G, 1099-MISC)  |

**Part IV. Expenses – In 2010 Did you (or your spouse) pay: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- |                                     |                                     |                          |  |
|-------------------------------------|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1. Alimony: If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 2. Contributions to a retirement account? <input type="checkbox"/> IRA <input type="checkbox"/> Roth IRA <input checked="" type="checkbox"/> 401K <input type="checkbox"/> Other |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 3. Educational expenses paid for yourself, spouse or dependents? (such as tuition, books, fees, etc.)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. Unreimbursed employee business expenses (such as mileage)?  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 5. Medical expenses?   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 6. Home mortgage interest?   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 7. Real estate taxes for your home or personal property taxes?   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 8. Charitable contributions?   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Child/dependent care expenses that allowed you and your spouse, to work or to look for work?  |

**Part V. Life Events – In 2010 Did you (or your spouse): Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- |                                     |                                     |                          |   |
|-------------------------------------|-------------------------------------|--------------------------|---|
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form(s) 1099-C)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. Buy a home? If yes, closing date _____   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? _____  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. Purchase and install energy efficient home items? (such as windows, furnace, insulation, etc.)   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. Live in an area that was affected by a natural disaster? If yes, where? _____  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 7. Receive the First Time Homebuyers Credit in previous years?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. Pay any student loan interest?   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Make estimated tax payments or apply last year's refund to your 2010 tax?<br>If so how much? _____   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 10. If you are due a refund, would you like a direct deposit or split your refund?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 11. If you are due a refund, would you like information on how to purchase U.S. Savings Bonds?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 12. If you have a balance due, would you like information about all of your payment options? (such as payment directly from your bank account, check, money order, credit/debit card or payment plan) |

Catalog Number 52121E

Form **13614-C** (Rev. 8-2010)

2



## TAXPAYER STOP HERE!

Thank you for completing this form.

### Section B. To be Completed by Certified Volunteer Only

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1 & 2 is complete. Any question marked "Unsure" must be discussed with the taxpayer and changed to "Yes" or "No".

**Must be completed ONLY if persons are listed in Part II, Question 2.**

☐ Yes ☐ No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? If yes, which ones:

\_\_\_\_\_  
\_\_\_\_\_

☐ Yes ☐ No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? If yes, which ones:

\_\_\_\_\_  
\_\_\_\_\_

☐ Yes ☐ No 3. Did any of the persons listed in Part II, Question 2 provide more than half of their own support? If yes, which ones:

\_\_\_\_\_  
\_\_\_\_\_

☐ Yes ☐ No ☐ N/A 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? If no, which ones:

\_\_\_\_\_  
\_\_\_\_\_

☐ Yes ☐ No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? If yes, which ones:

\_\_\_\_\_  
\_\_\_\_\_

#### Reminder

Use Publication 17, *Your Federal Income Tax For Individuals* and Publication 4012, *Volunteer Resource Guide* in making tax law determinations.

Catalog Number 52121E

### Section C. To be completed by a Certified Quality Reviewer

After reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer, check the final item.

1. **Section A & B** of this form are complete.

2. **Taxpayer's identity, address and phone number** was verified.

3. **Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents** match the supporting documents.

4. **Filing Status** is correctly determined.

5. **Personal and Dependency Exemptions** are entered correctly on the return.

6. All **income** shown on source documents and noted in Sections A, part III is included on the tax return.

7. Any **Adjustments to Income** are correctly reported.

8. **Standard, Additional or Itemized Deductions** are correct.

9. All **credits** are correctly reported.

10. Withholding shown on **Forms W-2, 1099 and Estimated Tax Payments** are correctly reported.

11. If **direct deposit or debit** was elected, checking/saving account and routing information match the supporting documents.

12. Correct **SIDN** is shown on the return.

☐ **All Quality Review Issues above have been addressed and necessary changes have been made.**

Form **13614-C** (Rev. 8-2010)

3

<b>a</b> Employee's social security number <div style="border: 1px solid black; padding: 2px; text-align: center;">208-XX-XXXX</div>		Safe, accurate, <b>FAST! Use</b>				Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>	
<b>b</b> Employer identification number (EIN) <div style="border: 1px solid black; padding: 2px; text-align: center;">41-1XXXXXX</div>		<b>1</b> Wages, tips, other compensation <div style="border: 1px solid black; padding: 2px; text-align: right;">\$29,420.00</div>		<b>2</b> Federal income tax withheld <div style="border: 1px solid black; padding: 2px; text-align: right;">\$1,800.00</div>			
<b>c</b> Employer's name, address, and ZIP code  <b>PACE CONSTRUCTION</b> <b>3604 FORREST TRAIL</b> <b>YOUR CITY, STATE ZIP</b>		<b>3</b> Social security wages <div style="border: 1px solid black; padding: 2px; text-align: right;">\$29,900.00</div>		<b>4</b> Social security tax withheld <div style="border: 1px solid black; padding: 2px; text-align: right;">\$1,854.00</div>			
		<b>5</b> Medicare wages and tips <div style="border: 1px solid black; padding: 2px; text-align: right;">\$29,900.00</div>		<b>6</b> Medicare tax withheld <div style="border: 1px solid black; padding: 2px; text-align: right;">\$434.00</div>			
		<b>7</b> Social security tips		<b>8</b> Allocated tips			
		<b>9</b> Advance EIC payment		<b>10</b> Dependent care benefits			
<b>d</b> Control number		<b>11</b> Nonqualified plans		<b>12a</b> See instructions for box 12 <div style="border: 1px solid black; padding: 2px; text-align: center;"> <b>D</b> </div>			
<b>e</b> Employee's first name and initial      Last name      Suff.  <b>EVAN JAMES DAWSON</b> <b>847 MESA AVE</b> <b>YOUR CITY, STATE ZIP</b>		<b>13</b> Statutory employee      Retirement plan      Third-party sick pay <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> </div>		<b>12b</b>			
		<b>14</b> Other		<b>12c</b>			
				<b>12d</b>			
<b>f</b> Employee's address and ZIP code		<b>15</b> State      Employee's state ID number <b>YS</b> <b>41-1XXXXXX</b>		<b>16</b> State wages, tips, etc. <div style="border: 1px solid black; padding: 2px; text-align: right;">\$29,420.00</div>		<b>17</b> State income tax <div style="border: 1px solid black; padding: 2px; text-align: right;">\$1,041.00</div>	
				<b>18</b> Local wages, tips, etc.		<b>19</b> Local income tax	
				<b>20</b> Locality name			

Form **W-2** Wage and Tax Statement

2010

Department of the Treasury—Internal Revenue Service

**Copy B—To Be Filed With Employee's FEDERAL Tax Return.**  
 This information is being furnished to the Internal Revenue Service.

☐ CORRECTED (if checked)

<b>PAYER'S name, street address, city, state, and ZIP code</b>  <b>SOUTHWEST FIDELITY</b> <b>9910 OAK KNOLL</b> <b>YOUR CITY, STATE ZIP</b>		<b>1</b> Gross distribution <div style="border: 1px solid black; padding: 2px; text-align: right;">\$ 4,068.00</div>		OMB No. 1545-0119  <div style="font-size: 2em; font-weight: bold;">2010</div>		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>	
<b>2a</b> Taxable amount <div style="border: 1px solid black; padding: 2px; text-align: right;">\$ 4,068.00</div>		<b>2b</b> Taxable amount not determined <input type="checkbox"/> Total distribution <input checked="" type="checkbox"/>		<b>Form 1099-R</b>			
<b>PAYER'S federal identification number</b>  <b>41-2XXXXXX</b>	<b>RECIPIENT'S identification number</b>  <b>208-XX-XXXX</b>	<b>3</b> Capital gain (included in box 2a) <div style="border: 1px solid black; padding: 2px; text-align: right;">\$</div>	<b>4</b> Federal income tax withheld <div style="border: 1px solid black; padding: 2px; text-align: right;">\$ 407.00</div>			<b>Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.</b>	
<b>RECIPIENT'S name</b>  <b>EVAN JAMES DAWSON</b>  Street address (including apt. no.) <b>847 MESA AVE</b>  City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>5</b> Employee contributions / Designated Roth contributions or insurance premiums <div style="border: 1px solid black; padding: 2px; text-align: right;">\$</div>	<b>6</b> Net unrealized appreciation in employer's securities <div style="border: 1px solid black; padding: 2px; text-align: right;">\$</div>				
<b>7</b> Distribution code(s) <div style="border: 1px solid black; padding: 2px; text-align: center;">1</div>		<b>IRA/SEP/SIMPLE</b> <input type="checkbox"/>	<b>8</b> Other <div style="border: 1px solid black; padding: 2px; text-align: right;">\$</div>				
<b>9a</b> Your percentage of total distribution <div style="border: 1px solid black; padding: 2px; text-align: right;">%</div>		<b>9b</b> Total employee contributions <div style="border: 1px solid black; padding: 2px; text-align: right;">\$</div>					
<b>10</b> State tax withheld <div style="border: 1px solid black; padding: 2px; text-align: right;">\$</div>		<b>11</b> State/Payer's state no. <div style="border: 1px solid black; padding: 2px; text-align: right;">\$</div>		<b>12</b> State distribution <div style="border: 1px solid black; padding: 2px; text-align: right;">\$</div>		This information is being furnished to the Internal Revenue Service.	
<b>13</b> Local tax withheld <div style="border: 1px solid black; padding: 2px; text-align: right;">\$</div>		<b>14</b> Name of locality <div style="border: 1px solid black; padding: 2px; text-align: right;">\$</div>		<b>15</b> Local distribution <div style="border: 1px solid black; padding: 2px; text-align: right;">\$</div>			
<b>16</b> Account number (see instructions) <div style="border: 1px solid black; padding: 2px; text-align: right;">\$</div>							

Form **1099-R**

Department of the Treasury - Internal Revenue Service



<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0901  <b>2010</b>  Form 1098		<b>Mortgage Interest Statement</b>
RECIPIENT'S/LENDER'S name, address, and telephone number  <b>FIRST MORTGAGE COMPANY</b> <b>9800 STONEHILL WAY</b> <b>YOUR CITY, STATE ZIP</b>		<i>* Caution: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.</i>		
RECIPIENT'S federal identification no. <b>11-4XXXXXX</b>	PAYER'S social security number <b>208-XX-XXXX</b>	<b>1</b> Mortgage interest received from payer(s)/borrower(s)* <b>\$ 5,252.00</b>	<b>Copy B For Payer/Borrower</b>  The information in boxes 1, 2, 3, and 4 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report this refund of interest on your return.	
PAYER'S/BORROWER'S name  <b>EVAN JAMES DAWSON</b>  Street address (including apt. no.) <b>847 MESA AVE</b> City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>  Account number (see instructions)		<b>2</b> Points paid on purchase of principal residence  \$		
		<b>3</b> Refund of overpaid interest  \$		
		<b>4</b> Mortgage insurance premiums <b>\$ 704.00</b>		
		<b>5</b> <b>Real Estate Tax: \$1,294</b>		
Form 1098		(keep for your records)		Department of the Treasury - Internal Revenue Service

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-1574  <b>2009</b>  Form 1098-T		<b>Tuition Statement</b>	
FILER'S name, street address, city, state, ZIP code, and telephone number  <b>BROWN COLLEGE</b> <b>10 COLLEGE AVE</b> <b>YOUR CITY, STATE ZIP</b>		<b>1</b> Payments received for qualified tuition and related expenses <b>\$ 11,800</b>	<b>Copy C For Filer</b>  For Privacy Act and Paperwork Reduction Act Notice, see the 2009 General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G.		
FILER'S federal identification no. <b>11-8XXXXXX</b>	STUDENT'S social security number <b>209-XX-XXXX</b>	<b>2</b> Amounts billed for qualified tuition and related expenses  \$			
STUDENT'S name  <b>NOAH RYAN DAWSON</b>  Street address (including apt. no.) <b>847 MESA AVE</b> City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>  Service Provider/Acct. No. (see instr.)		<b>3</b> Check if you have changed your reporting method for 2009 <input type="checkbox"/>			
		<b>4</b> Adjustments made for a prior year  \$			<b>5</b> Scholarships or grants  <b>\$ 9,000</b>
		<b>6</b> Adjustments to scholarships or grants for a prior year  \$			<b>7</b> Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2010 <input type="checkbox"/>
		<b>8</b> Check if at least half-time student <input checked="" type="checkbox"/>	<b>9</b> Check if a graduate student <input type="checkbox"/>	<b>10</b> Ins. contract reimb./refund \$	
Form 1098-T		Department of the Treasury - Internal Revenue Service			

## Intermediate Scenario 3: Test Questions

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### Directions

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer the following questions. Refer to the interview notes for special guidance related to Form 6251 and nonrefundable credits for this scenario.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 11.1** What is Evan's total tax deduction on Schedule A, line 9?
- a. \$1,041
  - b. \$1,294
  - c. \$2,335
  - d. \$16,237
- 11.2** What is Evan's total interest deduction on Schedule A, line 15? \$\_\_\_\_\_
- 11.3** The total deduction in the Gifts to Charity section of Evan's Schedule A is:
- a. \$520
  - b. \$620
  - c. \$830
  - d. \$850
- 11.4** Which of the following is *not* an eligible expense for the American opportunity credit?
- a. Tuition
  - b. Required books
  - c. Room and board
  - d. Qualified expenses paid with the proceeds of a student loan
- 11.5** What is the refundable amount of American opportunity credit on Evan's Form 8863, Part III?
- a. \$0
  - b. \$880
  - c. \$944
  - d. \$2,359

- 11.6** Evan qualifies for an exception to the additional tax on the early distribution of his 401(k).
- a. True
  - b. False
- 11.7** What is the amount of Evan's repayment of the homebuyer credit in the Other Taxes section of Form 1040, page 2?
- a. \$0
  - b. \$500
  - c. \$7,500
  - d. \$8,000

## Intermediate Scenario 4: Andrew and Lily Archuleta

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### Taxpayer Documents

- Social Security cards for Andrew M. and Lily G. Archuleta
- Completed Intake/Interview & Quality Review Sheet
- Form W-2
- Form 1099-DIV
- Form 1099-MISC
- Form 1099-R
- Form 1098-E

### Interview Notes

- Andrew and Lily Archuleta are married and want to file jointly.
- Andrew retired as a high-school teacher in 2007 and receives a pension from the county government.
- Andrew teaches creative writing classes part-time at a community college.
- Lily is self-employed as a manicurist. She works at Pinky's, where she rents a station. One day a week, she works at Pinky's in the morning and then drives to the senior center to do nails for the residents.
- Lily is a cash-basis taxpayer who materially participates in the operation of her business.
- She received a 1099-MISC for \$19,800 from Pinky's, and has an additional \$2,000 in tips and payments from the senior center.
- She has a mileage log showing 5,000 miles for 2010:
  - 4,750 miles from home to work and return each day
  - 250 miles from Pinky's to the senior center
- The total mileage on her car for 2010 was 11,000 miles. She placed her car in service on January 6, 2006 when she started her business. She always takes the standard mileage rate. Lily's car and Andrew's car were both available for personal use.
- Lily has records for other expenses relating to her business:
  - Manicurist's station rental: \$6,000
  - Supplies: \$2,500
  - Car repair: \$475
  - Business liability insurance: \$950
  - Tolls paid on the way to the senior center: \$60
  - Business license: \$50
- Lily uses business code 812113.
- Lily is repaying a student loan she took out several years ago to finance her vocational education. The school is an eligible educational institution.



- Lily and Andrew received a Form 1098 showing qualified mortgage interest and real estate tax on their main home. Form 1098 shows:
  - mortgage interest of \$11,900
  - real estate tax of \$1,050
- They have no medical, charitable, or miscellaneous deductions. They did not receive a refund of any part of last year's state income tax.
- The Archuletas improved their home by replacing their furnace with a natural gas model that meets the new energy-efficiency standards. The furnace cost \$4,000 plus \$1,200 for installation. They did not claim a residential energy credit last year.
- The Archuletas did not receive an economic recovery payment in 2010.
- Neither Andrew nor Lily wants to contribute to the Presidential Election Campaign fund
- Important Note: For purposes of this test scenario, Form 6251, Alternative Minimum Tax, line 31 amount is \$0. You may need to provide this information for the credit limit worksheet for certain nonrefundable credits.



**Intake/Interview & Quality Review Sheet****Section A. Page 1 and Page 2 to be completed by Taxpayer**

Thank you for allowing us to prepare your tax return. It is very important for you to provide the information on this form to help our certified volunteer preparer in completing your return. **If you have any questions, please ask.**

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as drivers license or other picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>ANDREW</b>	M. I. <b>M</b>	Last Name <b>ARCHULETA</b>	Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Spouse's First Name <b>LILY</b>	M. I. <b>G</b>	Last Name <b>ARCHULETA</b>	Is spouse a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing Address <b>1551 GANNON DR</b>	Apt#	City <b>YOUR CITY</b>	State <b>YS</b> Zip Code <b>YOUR ZIP</b>
4. Phone Primary: <b>YOUR PHONE #</b> Other:	E-mail <b>NONE</b>		
5. Your Date of Birth <b>03/17/1949</b>	6. Your Occupation <b>PROFESSOR</b>	7. Are you Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Spouse's Date of Birth <b>11/22/1950</b>	10. Spouse's Occupation <b>MANICURIST</b>	11. Is Spouse Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
13. Can your parents or someone else claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure			

**Part II. Family and Dependent Information**

1. As of December 31, 2010, your marital status was:

- ☐ Single
- ☒ Married: Did you live with your spouse during any part of the last six months of 2010? ☒ Yes ☐ No
- ☐ Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_
- ☐ Widowed: Year of spouse's death: \_\_\_\_\_

2. List the name of everyone below who lived in your home and outside your home that you supported during 2010.  
If additional space is needed please check here and use page 4 for additional information. ☐

Name (first, last) Do not enter your name or Spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. son, mother, sister)	Number of months lived in your home	US Citizen or resident of the US, Canada or Mexico (yes/no)	Single as of 12/31/10 (yes/no)	Full- time student (yes/no)	Received more than \$3650 in income (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)

- Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.
- To report any concerns to IRS on site operating issues please call **Toll Free 1-877-330-1205** or email us at **WI.Voltax@irs.gov**.



**Section A. To be completed by Taxpayer (continued)**

**Part III. Income – In 2010, did you (or your spouse) receive: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- ☒ ☐ ☐ 1. Wages or Salary? (Form(s) W-2)
- ☒ ☐ ☐ 2. Tip Income?
- ☐ ☒ ☐ 3. Scholarships? (Forms W-2, 1098-T)
- ☒ ☐ ☐ 4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV, 1099-OID)
- ☐ ☒ ☐ 5. Refund of state/local income taxes previously used as a deduction on 1040 Sch A? (Form(s) 1099-G)
- ☐ ☒ ☐ 6. Alimony Income?
- ☒ ☐ ☐ 7. Self-Employment Income/Loss (such as earnings from contract labor, small business)? (Form(s) 1099-MISC)
- ☐ ☒ ☐ 8. Income (gain or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Form(s) 1099-B)
- ☐ ☒ ☐ 9. Disability Income (such as payments from SSA, VA, insurance, etc)? (Forms 1099-R, W-2)
- ☒ ☐ ☐ 10. Distributions from Pensions, Annuities, and/or IRA? (Form(s) 1099-R)
- ☐ ☒ ☐ 11. Unemployment Compensation? (Form(s) 1099-G)
- ☐ ☒ ☐ 12. Social Security or Railroad Retirement Benefits? (Form(s) SSA-1099)
- ☐ ☒ ☐ 13. Income (profit or loss) from Rental Property?
- ☐ ☒ ☐ 14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: \_\_\_\_\_ (Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2010 Did you (or your spouse) pay: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- ☐ ☒ ☐ 1. Alimony: If yes, do you have the recipient's SSN? ☐ Yes ☐ No
- ☐ ☒ ☐ 2. Contributions to a retirement account? ☐ IRA ☐ Roth IRA ☐ 401K ☐ Other
- ☐ ☒ ☐ 3. Educational expenses paid for yourself, spouse or dependents? (such as tuition, books, fees, etc.)
- ☐ ☒ ☐ 4. Unreimbursed employee business expenses (such as mileage)?
- ☐ ☒ ☐ 5. Medical expenses?
- ☒ ☐ ☐ 6. Home mortgage interest?
- ☒ ☐ ☐ 7. Real estate taxes for your home or personal property taxes?
- ☐ ☒ ☐ 8. Charitable contributions?
- ☐ ☒ ☐ 9. Child/dependent care expenses that allowed you and your spouse, to work or to look for work?

**Part V. Life Events – In 2010 Did you (or your spouse): Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- ☐ ☒ ☐ 1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
- ☐ ☒ ☐ 2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form(s) 1099-C)
- ☐ ☒ ☐ 3. Buy a home? If yes, closing date \_\_\_\_\_
- ☐ ☒ ☐ 4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? \_\_\_\_\_
- ☒ ☐ ☐ 5. Purchase and install energy efficient home items? (such as windows, furnace, insulation, etc.)
- ☐ ☒ ☐ 6. Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
- ☐ ☒ ☐ 7. Receive the First Time Homebuyers Credit in previous years?
- ☒ ☐ ☐ 8. Pay any student loan interest?
- ☐ ☒ ☐ 9. Make estimated tax payments or apply last year's refund to your 2010 tax? If so how much? \_\_\_\_\_
- ☐ ☒ ☐ 10. If you are due a refund, would you like a direct deposit or split your refund?
- ☐ ☒ ☐ 11. If you are due a refund, would you like information on how to purchase U.S. Savings Bonds?
- ☒ ☐ ☐ 12. If you have a balance due, would you like information about all of your payment options? (such as payment directly from your bank account, check, money order, credit/debit card or payment plan)

Catalog Number 52121E

Form **13614-C** (Rev. 8-2010)

2

## TAXPAYER STOP HERE!

Thank you for completing this form.

### Section B. To be Completed by Certified Volunteer Only

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1 & 2 is complete. Any question marked "Unsure" must be discussed with the taxpayer and changed to "Yes" or "No".

**Must be completed ONLY if persons are listed in Part II, Question 2.**

- ☐ Yes ☐ No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 3. Did any of the persons listed in Part II, Question 2 provide more than half of their own support? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? If no, which ones:  
☐ N/A  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_

#### Reminder

Use Publication 17, *Your Federal Income Tax For Individuals* and Publication 4012, *Volunteer Resource Guide* in making tax law determinations.

Catalog Number 52121E

### Section C. To be completed by a Certified Quality Reviewer

After reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer, check the final item.

1. **Section A & B** of this form are complete.
  2. **Taxpayer's identity, address and phone number** was verified.
  3. **Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents** match the supporting documents.
  4. **Filing Status** is correctly determined.
  5. **Personal and Dependency Exemptions** are entered correctly on the return.
  6. All **income** shown on source documents and noted in Sections A, part III is included on the tax return.
  7. Any **Adjustments to Income** are correctly reported.
  8. **Standard, Additional or Itemized Deductions** are correct.
  9. All **credits** are correctly reported.
  10. Withholding shown on **Forms W-2, 1099 and Estimated Tax Payments** are correctly reported.
  11. If **direct deposit or debit** was elected, checking/saving account and routing information match the supporting documents.
  12. Correct **SIDN** is shown on the return.
- ☐ **All Quality Review Issues above have been addressed and necessary changes have been made.**

Form **13614-C** (Rev. 8-2010)

3



		<b>a Employee's social security number</b> <b>220-XX-XXXX</b>	OMB No. 1545-0008	Safe, accurate, <b>FAST! Use</b>		Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>			
<b>b Employer identification number (EIN)</b> <b>42-1XXXXXX</b>			<b>1 Wages, tips, other compensation</b> <b>\$10,403.00</b>		<b>2 Federal income tax withheld</b> <b>\$540.00</b>				
<b>c Employer's name, address, and ZIP code</b> <b>WEST COAST COMMUNITY COLLEGE</b> <b>1001 SCRIPPS ST</b> <b>YOUR CITY, STATE ZIP</b>			<b>3 Social security wages</b> <b>\$10,403.00</b>		<b>4 Social security tax withheld</b> <b>\$645.00</b>				
			<b>5 Medicare wages and tips</b> <b>\$10,403.00</b>		<b>6 Medicare tax withheld</b> <b>\$151.00</b>				
			<b>7 Social security tips</b>		<b>8 Allocated tips</b>				
			<b>9 Advance EIC payment</b>		<b>10 Dependent care benefits</b>				
<b>d Control number</b>			<b>11 Nonqualified plans</b>		<b>12a See instructions for box 12</b>				
<b>e Employee's first name and initial Last name Suff.</b> <b>ANDREW M. ARCHULETA</b> <b>1551 GANNON DR</b> <b>YOUR CITY, STATE ZIP</b>			<b>13</b> <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"> <input type="checkbox"/> Statutory employee         </td> <td style="text-align: center;"> <input type="checkbox"/> Retirement plan         </td> <td style="text-align: center;"> <input type="checkbox"/> Third-party sick pay         </td> </tr> </table>		<input type="checkbox"/> Statutory employee	<input type="checkbox"/> Retirement plan	<input type="checkbox"/> Third-party sick pay	<b>12b</b>	
			<input type="checkbox"/> Statutory employee	<input type="checkbox"/> Retirement plan	<input type="checkbox"/> Third-party sick pay				
			<b>14 Other</b>		<b>12c</b>				
					<b>12d</b>				
<b>f Employee's address and ZIP code</b>									
<b>15 State</b> <b>YS</b>	<b>Employer's state ID number</b> <b>42-1XXXXXX</b>	<b>16 State wages, tips, etc.</b> <b>\$10,403.00</b>	<b>17 State income tax</b> <b>\$1,181.00</b>	<b>18 Local wages, tips, etc.</b>	<b>19 Local income tax</b>	<b>20 Locality name</b>			

Form **W-2** Wage and Tax Statement

2010

Department of the Treasury — Internal Revenue Service

**Copy B — To Be Filed With Employee's FEDERAL Tax Return.**  
 This information is being furnished to the Internal Revenue Service.

<input type="checkbox"/> CORRECTED (if checked)					
<b>PAYER'S name, street address, city, state, ZIP code, and telephone no.</b> <b>INTERNATIONAL VALUE FUNDS</b> <b>623 KING PLACE</b> <b>YOUR CITY, STATE ZIP</b>		<b>1a Total ordinary dividends</b> <b>\$ 881.00</b>		<div style="font-size: 24pt; font-weight: bold;">2010</div> <div style="font-weight: bold;">Form 1099-DIV</div>	
		<b>1b Qualified dividends</b> <b>\$ 600.00</b>			
		<b>2a Total capital gain distr.</b> <b>\$ 125.00</b>		<b>2b Unrecap. Sec. 1250 gain</b> <b>\$</b>	
<b>PAYER'S federal identification number</b> <b>42-2XXXXXX</b>	<b>RECIPIENT'S identification number</b> <b>220-XX-XXXX</b>	<b>2c Section 1202 gain</b> <b>\$</b>		<b>2d Collectibles (28%) gain</b> <b>\$</b>	
<b>RECIPIENT'S name</b> <b>ANDREW M. ARCHULETA</b>  <b>Street address (including apt. no.)</b> <b>1551 GANNON DR</b> <b>City, state, and ZIP code</b> <b>YOUR CITY, STATE ZIP</b> <b>Account number (see instructions)</b>		<b>3 Nondividend distributions</b> <b>\$</b>		<b>4 Federal income tax withheld</b> <b>\$</b>	
				<b>5 Investment expenses</b> <b>\$</b>	
		<b>6 Foreign tax paid</b> <b>\$</b>		<b>7 Foreign country or U.S. possession</b>	
		<b>8 Cash liquidation distributions</b> <b>\$</b>		<b>9 Noncash liquidation distributions</b> <b>\$</b>	
<div style="display: flex; justify-content: space-between;"> <span>Form <b>1099-DIV</b></span> <span>(keep for your records)</span> <span>Department of the Treasury — Internal Revenue Service</span> </div>					

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0115 <div style="font-size: 2em; font-weight: bold;">2010</div>		<b>Miscellaneous Income</b>	
PAYER'S name, street address, city, state, ZIP code, and telephone no.  <b>PINKY'S</b> <b>8009 PIKE CIR</b> <b>YOUR CITY, STATE ZIP</b>		1 Rents \$	Form <b>1099-MISC</b>		<b>Copy B</b> <b>For Recipient</b>
		2 Royalties \$			
		3 Other income \$			
PAYER'S federal identification number  <b>42-3XXXXXX</b>		RECIPIENT'S identification number  <b>227-XX-XXXX</b>		4 Federal income tax withheld \$	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S name  <b>LILY ARCHULETA</b>  Street address (including apt. no.)  <b>1551 GANNON DR</b>  City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		5 Fishing boat proceeds \$	6 Medical and health care payments \$		
		7 Nonemployee compensation \$ <b>19,800.00</b>	8 Substitute payments in lieu of dividends or interest \$		
		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	10 Crop insurance proceeds \$		
		11	12		
Account number (see instructions)		13 Excess golden parachute payments \$	14 Gross proceeds paid to an attorney \$		
15a Section 409A deferrals \$	15b Section 409A income \$	16 State tax withheld \$	17 State/Payer's state no. \$	18 State income \$	

Form **1099-MISC** (keep for your records) Department of the Treasury - Internal Revenue Service

<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0119 <div style="font-size: 2em; font-weight: bold;">2010</div>		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>	
PAYER'S name, street address, city, state, and ZIP code  <b>PASCO COUNTY SCHOOL DISTRICT</b> <b>7261 EVERETT WAY</b> <b>YOUR CITY, STATE ZIP</b>		1 Gross distribution \$ <b>24,840.00</b>	Form <b>1099-R</b>		<b>Copy B</b> <b>Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.</b>
		2a Taxable amount \$ <b>22,756.00</b>			
		2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>			
PAYER'S federal identification number  <b>13-6XXXXXX</b>	RECIPIENT'S identification number  <b>220-XX-XXXX</b>	3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ <b>900.00</b>		This information is being furnished to the Internal Revenue Service.
RECIPIENT'S name  <b>ANDREW M. ARCHULETA</b>  Street address (including apt. no.)  <b>1551 GANNON DR</b>  City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		5 Employee contributions / Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$		
		7 Distribution code(s) <b>7</b>	8 Other \$ %		
		9a Your percentage of total distribution %	9b Total employee contributions \$		
1st year of desig. Roth contrib.		10 State tax withheld \$	11 State/Payer's state no. \$		
Account number (see instructions)		13 Local tax withheld \$	14 Name of locality \$		
		12 State distribution \$	15 Local distribution \$		

Form **1099-R** Department of the Treasury - Internal Revenue Service



<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-1578 <b>2010</b> Form <b>1098-E</b>		<b>Student Loan Interest Statement</b>
RECIPIENT'S/LENDER'S name, address, and telephone number <b>FINANCIAL AID PARTNERS</b> <b>666 LINCOLN</b> <b>YOUR CITY, STATE ZIP</b>		1 Student loan interest received by lender <b>\$ 745.00</b>		
RECIPIENT'S federal identification no. <b>13-7XXXXXX</b>	BORROWER'S social security number <b>227-XX-XXXX</b>	BORROWER'S name <b>LILY G ARCHULETA</b> Street address (including apt. no.) <b>1551 GANNON DR</b> City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b> Account number (see instructions)		<b>Copy B For Borrower</b> This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for student loan interest.
		2 If checked, box 1 does <b>not</b> include loan origination fees and/or capitalized interest for loans made before September 1, 2004 <input type="checkbox"/>		
Form <b>1098-E</b>		(keep for your records)		Department of the Treasury - Internal Revenue Service

<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0901 <b>2010</b> Form <b>1098</b>		<b>Mortgage Interest Statement</b>
RECIPIENT'S/LENDER'S name, address, and telephone number <b>YOUR CITY TREASURER</b> <b>YOUR CITY, STATE ZIP</b>		* Caution: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.		
RECIPIENT'S federal identification no. <b>220-XX-XXXX</b>	PAYER'S social security number <b>13-7XXXXXX</b>	1 Mortgage interest received from payer(s)/borrower(s)* <b>\$ 11,900.00</b>		<b>Copy B For Payer/Borrower</b> The information in boxes 1, 2, 3, and 4 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report this refund of interest on your return.
PAYER'S/BORROWER'S name <b>ANDREW M. ARCHULETA</b> Street address (including apt. no.) <b>1551 GANNON DR</b> City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b> Account number (see instructions)		2 Points paid on purchase of principal residence \$		
		3 Refund of overpaid interest \$		
		4 Mortgage insurance premiums \$		
		5 <b>Real Estate Taxes \$1,050</b>		
Form <b>1098</b>		(keep for your records)		Department of the Treasury - Internal Revenue Service

## Intermediate Scenario 4: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer the following questions. Refer to the interview notes for special guidance related to Form 6251 and nonrefundable credits for this scenario.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 12.1** What is the amount of Lily's gross receipts reported for her manicure business?  
\$\_\_\_\_\_
- 12.2** Where should Lily's business income and expenses be reported?
- a. Form 1040, Line 7
  - b. Schedule C-EZ
  - c. Schedule C
  - d. Form 1040, Line 21
- 12.3** What is Lily's mileage expense deduction (at the standard mileage rate) for her manicurist business?
- a. \$0
  - b. \$125
  - c. \$1,050
  - d. \$2,500
- 12.4** Which item **cannot** be deducted by Lily as a business expense?
- a. Car repair
  - b. Manicurist's station rental
  - c. Tolls to get to the senior center
  - d. Business license
- 12.5** What is the taxable portion of Andrew's pension, shown in the Income section of Form 1040? \$\_\_\_\_\_
- 12.6** How does Lily's self-employment tax affect the Archuletas' tax return?
- a. One-half of the amount is deducted as a business expense.
  - b. The self-employment tax is shown in Form 1040, Other Taxes section, and the full amount is deducted on Schedule A, Taxes You Paid.
  - c. The self-employment tax amount is shown in the Other Taxes section, and one-half of the amount is deducted as an adjustment on Form 1040, page 1.
  - d. Lily's self-employment tax is not reported anywhere on Form 1040.



- 12.7** What is the amount the Archuletas can take as a student loan interest deduction?
- a. \$0
  - b. \$373
  - c. \$745
  - d. \$2,500
- 12.8** What is the total amount of the residential energy credit from Form 5695 for the Archuletas? \$ \_\_\_\_\_
- 12.9** Lily says that they have a balance due on their return every year. What can you suggest to prevent or decrease the amount they owe when they file next year?
- a. Revise Andrew's Form W-4 to increase the withholding on his wages.
  - b. Submit a Form W-4P to increase the withholding on Andrew's pension.
  - c. Pay estimated tax payments using Form 1040-ES during the tax year.
  - d. Any of the above.





## 2010 6744 Test – Advanced Course

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The first three scenarios do not require you to prepare a tax return. Read the scenario carefully and use your training and reference tools to answer the questions after the scenario.

### Advanced Scenario 1: Jacob McPherson

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#### Interview Notes

- On March 7, 2009, Jacob inherited 200 shares of PDQ stock from his Great-uncle Thomas.
- The fair market value on the date of Thomas's death in 2009 was \$20.00 per share.
- Jacob sold some of the stock and received Form 1099-B reporting the following information:
  - Date of sale: 1/15/2010
  - Number of shares sold: 100 shares of PDQ Stock
  - Gross proceeds less commission: \$3,200
- The decedent's original cost basis was \$15 per share.
- Jacob is a U.S. citizen and has a valid social security number.

### Advanced Scenario 1: Test Questions

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#### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 13.1** What is the cost or other basis reported on Jacob's Form 1040, Schedule D?
- a. \$1,500
  - b. \$2,000
  - c. \$3,000
  - d. \$4,000
- 13.2** Is the gain or loss on the sale of Jacob's stock short-term or long-term?
- a. Short-term
  - b. Long-term

## Advanced Scenario 2: Ross Campbell

---

### Interview Notes

- Ross is single and purchased his home in 2004 for \$220,000.
- In 2006 Ross added a two-car garage at a cost of \$20,000.
- In 2009 Ross repainted the interior at a cost of \$1,000.
- Ross lived in the house as his main home until he sold it on June 18, 2010.
- Ross sold the home for \$190,000 and received a Form 1099-S reporting the sale.
- Ross is a U.S. citizen and has a valid social security number.

## Advanced Scenario 2: Test Questions

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### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 14.1** What should Ross report on his tax return?
- a. The sale should not be reported on Schedule D
  - b. \$0 in column f of Schedule D
  - c. Loss of \$30,000 in column f of Schedule D
  - d. Loss of \$51,000 in column f of Schedule D
- 14.2** What is Ross's adjusted basis in the home?
- a. \$220,000
  - b. \$221,000
  - c. \$240,000
  - d. \$241,000



## Advanced Scenario 3: Gabriella Lafayette

---

### Interview Notes

- On June 1, 2007, Gabriella purchased 1,000 shares of the ABC mutual fund for \$10,000.
- On December 27, 2010, the fund paid a capital gain distribution of \$500 that was reinvested to purchase an additional 100 shares.
- The fund did not pay dividends.
- Gabriella received Form 1099-DIV reporting the capital gain distribution, and a year-end statement showing \$5,500 as the December 31, 2010 value of her 1,100 shares.
- This is Gabriella's only investment account and she did not sell any shares in 2010.

## Advanced Scenario 3: Test Questions

---

### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 15.1** Where on the tax return should Gabriella's December 27 capital gain distribution appear?
- a. The distribution is not reported because the shares were reinvested.
  - b. As a dividend on Form 1040, line 9a
  - c. As a capital gain on Form 1040, line 13
  - d. As other income on Form 1040, line 21
- 15.2** How should the loss in value of Gabriella's investment be reported?
- a. She can deduct a \$5,000 capital loss on Form 1040, line 13.
  - b. She can deduct a \$4,500 capital loss on Form 1040, line 13.
  - c. Her loss is limited to a \$3,000 deduction on Form 1040, line 13.
  - d. She cannot claim any loss because no shares were sold.

## Advanced Scenario 4: Nathan and Phoebe Wheeler

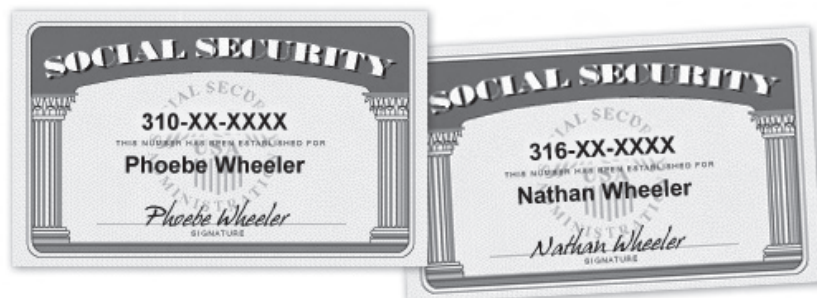
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### Taxpayer Documents

- Social security cards for Nathan Wheeler and Phoebe Wheeler
- Completed Intake/Interview Sheet
- 2010 Form W-2 for Phoebe
- Form 1099-R for Nathan
- Consolidated brokerage statement (substitute Form 1099-B and Form 1099-DIV)
- Schedule K-1 from Essex Corporation

### Interview Notes

- Nathan and Phoebe completed the Intake/Interview Sheet and want to file a joint tax return.
- Nathan retired and started receiving his pension of \$2,000 per month in March 2010.
- The pension plan is a qualified plan, and he received benefits under a joint and survivor annuity, to be paid over the joint lives of Nathan and Phoebe.
- Nathan contributed \$36,000 to the plan and did not receive any distributions before his annuity starting date.
- Nathan enjoys visiting a local casino. He won \$4,000 at a poker tournament. He calculated his losses through the year as \$3,000. No Form W-2G was issued.
- Nathan and Phoebe hold an investment in an oil property and received a Schedule K-1, reporting interest and royalties.
- They sold some stock in 2010. They brought the broker's statements.
- Stock information:
  - XYZ stock—purchased 400 shares on 03/23/2000 for \$4,000
  - ABC stock—purchased 250 shares on 09/16/2009 for \$3,750
- Nathan and Phoebe will not itemize for 2010.
- Nathan and Phoebe want to designate \$3 to the Presidential Election Campaign Fund
- Nathan and Phoebe did not receive an economic recovery payment in 2010.
- Important Note: For purposes of this test scenario, Form 6251, Alternative Minimum Tax, line 31 amount is \$0. You may need to provide this information for the credit limit worksheet for certain nonrefundable credits.



**Section A. Page 1 and Page 2 to be completed by Taxpayer**

Thank you for allowing us to prepare your tax return. It is very important for you to provide the information on this form to help our certified volunteer preparer in completing your return. **If you have any questions, please ask.**

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as drivers license or other picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>NATHAN</b>	M. I.	Last Name <b>WHEELER</b>	Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Spouse's First Name <b>PHOEBE</b>	M. I.	Last Name <b>WHEELER</b>	Is spouse a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing Address <b>388 NASH</b>	Apt#	City <b>YOUR CITY</b>	State <b>YS</b>	Zip Code <b>YOUR ZIP</b>
4. Phone Primary: <b>YOUR PHONE #</b> Other:		E-mail <b>NONE</b>		
5. Your Date of Birth <b>01/11/1949</b>	6. Your Occupation <b>RETIRED</b>	7. Are you Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
		8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
9. Spouse's Date of Birth <b>06/26/1950</b>	10. Spouse's Occupation <b>OFFICE ASSISTANT</b>	11. Is Spouse Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
13. Can your parents or someone else claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure				

**Part II. Family and Dependent Information**

1. As of December 31, 2010, your marital status was:

- ☐ Single
- ☒ Married: Did you live with your spouse during any part of the last six months of 2010? ☒ Yes ☐ No
- ☐ Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_
- ☐ Widowed: Year of spouse's death: \_\_\_\_\_

2. List the name of everyone below who lived in your home and outside your home that you supported during 2010.  
If additional space is needed please check here and use page 4 for additional information. ☐

Name (first, last) Do not enter your name or Spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. son, mother, sister)	Number of months lived in your home	US Citizen or resident of the US, Canada or Mexico (yes/no)	Single as of 12/31/10 (yes/no)	Full- time student (yes/no)	Received more than \$3650 in income (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)

- Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.
- To report any concerns to IRS on site operating issues please call **Toll Free 1-877-330-1205** or email us at **WI.Voltax@irs.gov**.



**Section A. To be completed by Taxpayer (continued)**

**Part III. Income – In 2010, did you (or your spouse) receive: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- |                                     |                                     |                          |   |
|-------------------------------------|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 1. Wages or Salary? (Form(s) W-2)   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Tip Income?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. Scholarships? (Forms W-2, 1098-T)  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV, 1099-OID)                        |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. Refund of state/local income taxes previously used as a deduction on 1040 Sch A? (Form(s) 1099-G)                                      |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. Alimony Income?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. Self-Employment Income/Loss (such as earnings from contract labor, small business)? (Form(s) 1099-MISC)                                |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 8. Income (gain or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Form(s) 1099-B)                            |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Disability Income (such as payments from SSA, VA, insurance, etc)? (Forms 1099-R, W-2)   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 10. Distributions from Pensions, Annuities, and/or IRA? (Form(s) 1099-R)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 11. Unemployment Compensation? (Form(s) 1099-G)   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 12. Social Security or Railroad Retirement Benefits? (Form(s) SSA-1099)   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 13. Income (profit or loss) from Rental Property?   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: <u>SCH K-1 &amp; GAMBLING</u><br>(Forms W-2 G, 1099-MISC) |

**Part IV. Expenses – In 2010 Did you (or your spouse) pay: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- |                          |                                     |                          |   |
|--------------------------|-------------------------------------|--------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1. Alimony: If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Contributions to a retirement account? <input type="checkbox"/> IRA <input type="checkbox"/> Roth IRA <input type="checkbox"/> 401K <input type="checkbox"/> Other |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. Educational expenses paid for yourself, spouse or dependents? (such as tuition, books, fees, etc.)   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. Unreimbursed employee business expenses (such as mileage)?   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. Medical expenses?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. Home mortgage interest?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. Real estate taxes for your home or personal property taxes?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. Charitable contributions?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Child/dependent care expenses that allowed you and your spouse, to work or to look for work?   |

**Part V. Life Events – In 2010 Did you (or your spouse): (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- |                          |                                     |                          |   |
|--------------------------|-------------------------------------|--------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form(s) 1099-C)  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. Buy a home? If yes, closing date _____   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? _____  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. Purchase and install energy efficient home items? (such as windows, furnace, insulation, etc.)   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. Live in an area that was affected by a natural disaster? If yes, where? _____  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. Receive the First Time Homebuyers Credit in previous years?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. Pay any student loan interest?   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Make estimated tax payments or apply last year's refund to your 2010 tax?<br>If so how much? _____   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 10. If you are due a refund, would you like a direct deposit or split your refund?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 11. If you are due a refund, would you like information on how to purchase U.S. Savings Bonds?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 12. If you have a balance due, would you like information about all of your payment options? (such as payment directly from your bank account, check, money order, credit/debit card or payment plan) |

Catalog Number 52121E

Form **13614-C** (Rev. 9-2010)

2



## TAXPAYER STOP HERE!

Thank you for completing this form.

### Section B. To be Completed by Certified Volunteer Only

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1 & 2 is complete. Any question marked "Unsure" must be discussed with the taxpayer and changed to "Yes" or "No".

**Must be completed ONLY if persons are listed in Part II, Question 2.**

- ☐ Yes ☐ No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 3. Did any of the persons listed in Part II, Question 2 provide more than half of their own support? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? If no, which ones:  
☐ N/A  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_

#### Reminder

Use Publication 17, *Your Federal Income Tax For Individuals* and Publication 4012, *Volunteer Resource Guide* in making tax law determinations.

Catalog Number 52121E

### Section C. To be completed by a Certified Quality Reviewer

After reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer, check the final item.

1. **Section A & B** of this form are complete.
2. **Taxpayer's identity, address and phone number** was verified.
3. **Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents** match the supporting documents.
4. **Filing Status** is correctly determined.
5. **Personal and Dependency Exemptions** are entered correctly on the return.
6. All **income** shown on source documents and noted in Sections A, part III is included on the tax return.
7. Any **Adjustments to Income** are correctly reported.
8. **Standard, Additional or Itemized Deductions** are correct.
9. All **credits** are correctly reported.
10. Withholding shown on **Forms W-2, 1099 and Estimated Tax Payments** are correctly reported.
11. If **direct deposit or debit** was elected, checking/saving account and routing information match the supporting documents.
12. Correct **SIDN** is shown on the return.
- ☐ **All Quality Review Issues above have been addressed and necessary changes have been made.**

Form **13614-C** (Rev. 8-2010)

3

<b>a</b> Employee's social security number <b>310-XX-XXXX</b>		Safe, accurate, FAST! Use		Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>		OMB No. 1545-0008	
<b>b</b> Employer identification number (EIN) <b>20-1XXXXXX</b>				<b>1</b> Wages, tips, other compensation <b>\$20,000.00</b>		<b>2</b> Federal income tax withheld <b>\$2,750.00</b>	
<b>c</b> Employer's name, address, and ZIP code  <b>MOTHER GOOSE NURSERY 907 STAR YOUR CITY, STATE ZIP</b>				<b>3</b> Social security wages <b>\$20,000.00</b>		<b>4</b> Social security tax withheld <b>\$1,240.00</b>	
				<b>5</b> Medicare wages and tips <b>\$20,000.00</b>		<b>6</b> Medicare tax withheld <b>\$290.00</b>	
				<b>7</b> Social security tips		<b>8</b> Allocated tips	
<b>d</b> Control number				<b>9</b> Advance EIC payment		<b>10</b> Dependent care benefits	
<b>e</b> Employee's first name and initial      Last name      Suff.  <b>PHOEBE WHEELER 388 NASH YOUR CITY, STATE ZIP</b>				<b>11</b> Nonqualified plans		<b>12a</b> See instructions for box 12	
				<b>13</b> Statutory employee      Retirement plan      Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		<b>12b</b>	
				<b>14</b> Other		<b>12c</b>	
						<b>12d</b>	
<b>f</b> Employee's address and ZIP code							
<b>15</b> State      Employer's state ID number <b>YS      20-1XXXXXX</b>		<b>16</b> State wages, tips, etc. <b>\$20,000.00</b>		<b>17</b> State income tax <b>\$480.00</b>		<b>18</b> Local wages, tips, etc.	
						<b>19</b> Local income tax <b>20</b> Locality name	

Form **W-2** Wage and Tax  
Statement

**2010**

Department of the Treasury—Internal Revenue Service

**Copy B—To Be Filed With Employee's FEDERAL Tax Return.**  
This information is being furnished to the Internal Revenue Service.

<input type="checkbox"/> CORRECTED (if checked)				OMB No. 1545-0119		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>			
<b>PAYER'S</b> name, street address, city, state, and ZIP code  <b>SOUTHEAST ISD 1809 QUAIL YOUR CITY, STATE ZIP</b>				<b>1</b> Gross distribution <b>\$20,000.00</b>				<b>2010</b>  Form <b>1099-R</b>	
				<b>2a</b> Taxable amount <b>\$</b>					
<b>PAYER'S</b> federal identification number <b>RECIPIENT'S</b> identification number  <b>20-2XXXXXX      316-XX-XXXX</b>				<b>2b</b> Taxable amount not determined <input checked="" type="checkbox"/> Total distribution <input type="checkbox"/>		<b>Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.</b>			
				<b>3</b> Capital gain (included in box 2a) <b>\$</b>				<b>4</b> Federal income tax withheld <b>\$</b>	
<b>RECIPIENT'S</b> name  <b>NATHAN WHEELER</b>  Street address (including apt. no.)  <b>338 NASH</b>  City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>				<b>5</b> Employee contributions / Designated Roth contributions or insurance premiums <b>\$</b>				<b>6</b> Net unrealized appreciation in employer's securities <b>\$</b>	
				<b>7</b> Distribution code(s)      IRA/SEP/SIMPLE <b>7      <input type="checkbox"/></b>				<b>8</b> Other      % <b>\$      %</b>	
<b>1st year of design. Roth contrib.</b>				<b>9a</b> Your percentage of total distribution      % <b>\$</b>		<b>9b</b> Total employee contributions <b>\$ 36,000.00</b>			
				<b>10</b> State tax withheld <b>\$</b>		<b>11</b> State/Payer's state no.			
<b>Account number (see instructions)</b>				<b>13</b> Local tax withheld <b>\$</b>		<b>14</b> Name of locality			
				<b>15</b> Local distribution <b>\$</b>					

Form **1099-R**

Department of the Treasury - Internal Revenue Service

**Nathan and Phoebe Wheeler**  
388 Nash  
Your City, State, Zip  
316-XX-XXXX

**ABC Investments**  
456 Main Street  
Your City, State Zip  
Phone (XXX) XXX-XXXX  
FEIN: 20-3XXXXXX

12-31-10

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Substitute 1099-B

Date of Sale Box 1a	Stocks, Bonds-Proceeds Box 2 (less commission)	Description Box 7	Federal Income Tax Withheld Box 4
02-01-10	\$ 2,800.00	200 shares XYZ Stock	\$ 0.00
02-01-10	\$ 3,250.00	250 shares ABC Stock	\$ 0.00

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Substitute 1099-DIV

Payer	Ord. Div. Box 1a	Qual. Div. Box 1b	Cap. Gain, Dist. Box 2a	FIT Withheld Box 4	Foreign Tax Paid Box 6
DTD Mutual Fund	\$ 300.00	\$ 300.00	\$ 50.00	\$ 0.00	\$ 16.00



**Schedule K-1**  
**(Form 1120S)**  
Department of the Treasury  
Internal Revenue Service

**2010**

For calendar year 2010, or tax  
year beginning \_\_\_\_\_, 2010  
ending \_\_\_\_\_, 20\_\_\_\_

**Shareholder's Share of Income, Deductions,  
Credits, etc.** ▶ See back of form and separate instructions.

Part I Information About the Corporation		Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items		
<b>A</b> Corporation's employer identification number <div style="text-align: center;"><b>20-5XXXXXX</b></div>	<div style="text-align: right;"><b>1</b></div> Ordinary business income (loss)	<div style="text-align: right;"><b>13</b></div> Credits		
<b>B</b> Corporation's name, address, city, state, and ZIP code <b>ESSEX CORPORATION</b> <b>300 MARK STREET</b> <b>YOUR CITY, STATE ZIP</b>	<div style="text-align: right;"><b>2</b></div> Net rental real estate income (loss)			
<b>C</b> IRS Center where corporation filed return	<div style="text-align: right;"><b>3</b></div> Other net rental income (loss)			
<div style="background-color: #d3d3d3;"><b>Part II Information About the Shareholder</b></div>	<div style="text-align: right;"><b>4</b></div> Interest income <div style="text-align: right;"><b>\$160.00</b></div>			
<b>D</b> Shareholder's identifying number <div style="text-align: center;"><b>316-XX-XXXX</b></div>	<div style="text-align: right;"><b>5a</b></div> Ordinary dividends			
<b>E</b> Shareholder's name, address, city, state, and ZIP code <b>NATHAN WHEELER</b> <b>388 NASH</b> <b>YOUR CITY, STATE ZIP</b>	<div style="text-align: right;"><b>5b</b></div> Qualified dividends	<div style="text-align: right;"><b>14</b></div> Foreign transactions		
<b>F</b> Shareholder's percentage of stock ownership for tax year _____ %	<div style="text-align: right;"><b>6</b></div> Royalties <div style="text-align: right;"><b>\$700.00</b></div>			
For IRS Use Only	<div style="text-align: right;"><b>7</b></div> Net short-term capital gain (loss)			
	<div style="text-align: right;"><b>8a</b></div> Net long-term capital gain (loss)			
	<div style="text-align: right;"><b>8b</b></div> Collectibles (28%) gain (loss)			
	<div style="text-align: right;"><b>8c</b></div> Unrecaptured section 1250 gain			
	<div style="text-align: right;"><b>9</b></div> Net section 1231 gain (loss)			
	<div style="text-align: right;"><b>10</b></div> Other income (loss)	<div style="text-align: right;"><b>15</b></div> Alternative minimum tax (AMT) items		
	<div style="text-align: right;"><b>11</b></div> Section 179 deduction	<div style="text-align: right;"><b>16</b></div> Items affecting shareholder basis		
	<div style="text-align: right;"><b>12</b></div> Other deductions			
			<div style="text-align: right;"><b>17</b></div> Other information	
	* See attached statement for additional information.			

For Paperwork Reduction Act Notice, see Instructions for Form 1120S.

Cat. No. 11520D

Schedule K-1 (Form 1120S) 2010



## Advanced Scenario 4: Test Questions

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### Directions

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer the following questions. Refer to the interview notes for special guidance related to Form 6251 and nonrefundable credits for this scenario.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 16.1** Where on the tax return should the interest income from Form 1120S, Schedule K-1, appear?
- a. Form 1040, Line 8a
  - b. Form 1040 Line 12
  - c. Form 1040, Line 17
  - d. Form 1040, line 21
- 16.2** Where on the tax return should the royalty income from Form 1120S, Schedule K-1, appear?
- a. Form 1040, Line 8a
  - b. Form 1040, Line 12
  - c. Form 1040, Line 17
  - d. Form 1040, Line 21
- 16.3** Where are Nathan and Phoebe's stock sales shown on Form 1040, Schedule D?
- a. ABC stock on line 1, and the XYZ stock on line 8
  - b. ABC stock and XYZ stock on line 1
  - c. ABC stock and XYZ stock on line 8
  - d. XYZ stock on line 1 and the ABC stock on line 8
- 16.4** What is the long-term capital gain on Form 1040, Schedule D, line 15?
- a. \$350
  - b. \$800
  - c. \$850
  - d. \$1,300

- 16.5** What is the correct age (or combined ages) that should be used to calculate the taxable portion of the pension?
- a. 56-60
  - b. 61-65
  - c. 111-120
  - d. 121-130
- 16.6** How much of the \$20,000 gross distribution reported on Form 1099-R is taxable in 2010?
- a. \$18,500
  - b. \$18,615
  - c. \$18,839
  - d. \$19,000
- 16.7** What should Nathan report as gambling income on Form 1040, line 21?
- a. Nothing, because no Form W-2G was issued
  - b. \$1,000
  - c. \$3,000
  - d. \$4,000
- 16.8** Where should the foreign tax from the Wheeler's Substitute Form 1099-DIV appear on the tax return?
- a. Form 1040, page 1, Ordinary dividends
  - b. Form 1040, page 1, Other income
  - c. Form 1040, page 1, Adjustments to Income
  - d. Form 1040, page 2, Foreign tax credit
- 16.9** After you complete the Wheelers' 2010 tax return, Phoebe shows you a Form W-2 from 2009. She received the W-2 in the mail after their 2009 return was filed. How should you respond?
- a. Tell Phoebe and Nathan to mail the Form W-2 to the IRS.
  - b. Enter the 2009 Form W-2 data in the 2010 return you prepared.
  - c. Tell Phoebe and Nathan an amended 2009 return must be prepared using a Form 1040X.
  - d. Tell Phoebe and Nathan that no action is required unless they receive a letter from the IRS.



## 2010 6744 Test – Military Course

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The first two scenarios do not require you to prepare a tax return. Read the scenario carefully and use your training and reference tools to answer the questions after the scenario.

### Military Scenario 1: Richard and Violet Callaway

---

#### Interview Notes

- Richard and Violet have been married for 40 years.
- Richard's birth date is May 9, 1944.
- Violet's birth date is August 2, 1946.
- Violet retired on December 31, 2009, and began drawing a monthly pension in January 2010.
- Richard is still employed.
- The pension plan is a qualified plan and will be paid as a single annuity over Violet's lifetime.
- The gross distribution reported on Form 1099-R for 2010 was \$32,400.
- The total employee contribution to the plan was \$52,000.
- Richard and Violet are U.S. citizens and have valid social security numbers.

### Military Scenario 1: Test Questions

---

#### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 17.1** How much of the \$32,400 distribution reported on Form 1099-R is taxable?
- a. \$0
  - b. \$29,429
  - c. \$30,000
  - d. \$30,384
- 17.2** Whose age(s) must be used to compute the taxable pension income for the annuity?
- a. Richard's
  - b. Violet's
  - c. Both
  - d. Neither; age is not a computation factor

## Military Scenario 2: Benjamin and Avery Merrimack

---

### Interview Notes

- Benjamin and Avery live in Dallas, Texas, where Benjamin joined the Air Force. He finished his training and will be stationed in Tucson, Arizona, for two years. This is a permanent change of station (PCS).
- Avery and their two children traveled separately from Benjamin and drove the family van with their pets. They stopped in Lubbock, Texas, to see Avery's parents for a long weekend and then traveled on to Arizona. Their trip took a total of six days instead of the authorized two days and one night.
- They decided to make a Do It Yourself (DITY) move and save money.
- Their move was estimated to cost \$5,500, and the Air Force provided \$5,000 in advance.
- Their cost for moving household goods was \$3,400, gas was \$325, lodging cost was \$150, and Benjamin's airfare was \$250.
- All expenses are considered reasonable; they are correctly documented and totaled \$4,125.
- Benjamin, Avery, and their children are U.S. citizens and have valid social security numbers.

## Military Scenario 2: Test Question

---

### Directions

Using your resource materials and the above interview notes, answer the following question.

- 18.1** Which of the following statements is true?
- a. The family can include receipts for meals, lodging, sightseeing, etc., for all expenses they incur while traveling from Dallas to Tucson, to offset the \$5,000 provided by the Air Force.
  - b. There is no substantiation policy with the government as long as the move costs less than the \$5,000 advanced by the Air Force.
  - c. Benjamin and Avery can claim an adjustment for moving expenses.
  - d. A separate Form W-2 will be issued to Benjamin for the difference between allowable costs incurred and the amount advanced.
- 18.2** The cost of food consumed during the DITY move is an allowable moving expense.
- a. True
  - b. False



## Military Scenario 3: Katarina Benton and Lucas Marion

---

### Taxpayer Documents

- Social security cards for Katarina and an IRS ITIN for Lucas
- Completed Intake/Interview Sheet
- 3 Forms W-2
- Form 1099-INT

### Interview Notes

- Katarina is a doctor and a member of the Army Reserve.
- Katarina was deployed in Afghanistan from 7/12/10 through 2/26/11.
- Katarina attended weekend Army Reserve training sessions over 100 miles away from home each month for five months. The expenses were not reimbursed. Total expenses for the five-month period were:
  - Mileage: 2,300 (based on Internet map data, not written records)
  - Vehicle: Katarina owns two vehicles and both are available for personal use
  - Vehicle placed in service 7/1/2008. Total mileage in 2010 for Katarina's car is 9,000 miles which included 1,000 commuting miles and 5,700 other miles.
  - Lodging: \$900 (within federal per diem rate for the area)
  - Meals: \$676 (within federal per diem rate for the area)
- Katarina married Lucas Marion in 2010.
  - Lucas had no income in 2010.
  - He is a citizen and resident of France.
  - In 2008 Lucas applied for and was assigned an ITIN since he had a U.S. bank account that paid interest. The account was closed in 2009 and he did not earn any interest in 2010.
  - Katarina and Lucas want to file jointly.
- Katarina owns rental property, which she placed into service in 2004.
  - Rental property: Katarina is an active participant
    - Townhouse, 1000 Sunshine Street, Your City, Your State
    - Purchased property: 04/30/2004
    - Rented: 01/01/2010–12/31/2010
    - Annual rental income: \$8,500
    - Annual real estate taxes: \$2,130
    - Management company fees for the time the property was rented: \$550
    - Furnace repair: 02/15/10, \$350
    - Depreciation (from prior year tax return): \$3,100
- Katarina received interest income and there was foreign tax withheld on Form 1099-INT. She was not eligible for any refund of the foreign tax withheld.

## Interview Notes (continued)

- Stock:
  - A&B Stock
    - Katarina's father died on 3/25/09 and she inherited 300 shares of stock.
    - Fair market value of the inherited stock on 3/25/09: \$8,000
    - Sold: all shares on 2/5/10
    - Selling price: \$9,150 (net of commission)
  - Equity Index Mutual Fund
    - Bought: 200 shares 12/15/09–01/20/10
    - Sold: 200 shares on 11/30/10
    - Total cost basis for the 200 shares: \$4,000
    - Selling price: \$2,000 (net of commission)
- Additional information:
  - Not enough deductions to itemize
  - Katarina wants to designate \$3 for the Presidential Election Campaign Fund.
  - Katarina did not receive an economic recovery payment in 2010.
  - Important Note: For purposes of this test scenario, Form 6251, Alternative Minimum Tax, line 31 amount is \$0. You may need to provide this information for the credit limit worksheet for certain nonrefundable credits.



Department of the Treasury  
**Internal Revenue Service**  
Austin, TX 73301-0057

Lucas Marion  
777 Clyde Rd.  
Your City, State ZIP

Date of this notice:  
Number of this notice: CP-565A  
Form: W-7  
Case Ref. Num: **DLN**  
DOB: 09/29/1975

For ITIN assistance call us at:  
(800) xxx-xxxx  
For international callers:  
(512) 460-XXXX  
This is not a toll-free number.

Or you may write to us at:  
Internal Revenue Service  
Austin, TX 73301-0057

**WE ASSIGNED YOU AN IRS INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER (ITIN)**

**[ 940-70-XXXX ]**

Thank you for your Form W-7, Application for IRS Individual Taxpayer Identification Number (ITIN). We assigned you the ITIN shown above. Please keep and safeguard this notice. If part of your name and/or address is incorrect, please notify us in writing at the address shown above and include a copy of this notice.

The following is true about your assigned ITIN:

- It is for federal tax purposes **only**, for example, to file a federal tax return.
- It is not a social security number (SSN) but a tax identification number issued by the IRS.
- It does not entitle you to social security benefits or the Earned Income Tax Credit (EITC).
- If you do not use your ITIN to file a federal tax return or for other federal tax purposes, it can be revoked.
- It does not change your immigration status or make you eligible to work in the United States.

Please use your ITIN when an SSN is requested on any U.S. federal income tax return or for other federal tax purposes. Use your complete name and ITIN on all correspondence with the IRS, including tax returns, tax payments, and refund claims. Using any variation in your name or ITIN may cause processing delays and incorrect information on your account.

If you change your name, please send a copy of this notice along with documentation supporting the name change to the address shown above, or visit your local IRS office, so we can update our records. Examples of acceptable supporting identification documentation include a marriage certificate or court record.

If you become a U.S. citizen, or legal resident alien authorized by the U.S. Citizenship and Immigration Services, you will be eligible to get an SSN. You must then apply for an SSN with the Social Security Administration and start using that number for tax purposes instead of your ITIN. When you receive an SSN, please send a copy of your social security card with a copy of this notice to the address shown above, or visit your local IRS office, so we can update our records.

If you have any questions, please call us at the number shown on this page.

CP-565A (rev.01-2007)

**Intake/Interview & Quality Review Sheet****Section A. Page 1 and Page 2 to be completed by Taxpayer**

Thank you for allowing us to prepare your tax return. It is very important for you to provide the information on this form to help our certified volunteer preparer in completing your return. **If you have any questions, please ask.**

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as drivers license or other picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>KATARINA</b>	M. I. <b>V</b>	Last Name <b>BENTON</b>	Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Spouse's First Name <b>LUCAS</b>	M. I.	Last Name <b>MARION</b>	Is spouse a U.S. Citizen? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3. Mailing Address <b>777 CLYDE RD</b>	Apt#	City <b>YOUR CITY</b>	State <b>YS</b> Zip Code <b>YOUR ZIP</b>
4. Phone Primary: <b>YOUR PHONE #</b> Other:	E-mail <b>NONE</b>		
5. Your Date of Birth <b>10/02/1973</b>	6. Your Occupation <b>MILITARY</b>	7. Are you Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Spouse's Date of Birth <b>09/29/1975</b>	10. Spouse's Occupation <b>UNEMPLOYED</b>	11. Is Spouse Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
13. Can your parents or someone else claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure			

**Part II. Family and Dependent Information**

1. As of December 31, 2010, your marital status was:

- ☐ Single
- ☒ Married: Did you live with your spouse during any part of the last six months of 2010? ☒ Yes ☐ No
- ☐ Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_
- ☐ Widowed: Year of spouse's death: \_\_\_\_\_

2. List the name of everyone below who lived in your home and outside your home that you supported during 2010.  
If additional space is needed please check here and use page 4 for additional information. ☐

Name (first, last) Do not enter your name or Spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. son, mother, sister)	Number of months lived in your home	US Citizen or resident of the US, Canada or Mexico (yes/no)	Single as of 12/31/10 (yes/no)	Full- time student (yes/no)	Received more than \$3650 in income (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)

- Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.
- To report any concerns to IRS on site operating issues please call **Toll Free 1-877-330-1205** or email us at **WI.Voltax@irs.gov**.



**Section A. To be completed by Taxpayer (continued)**

**Part III. Income – In 2010, did you (or your spouse) receive: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- ☒ ☐ ☐ 1. Wages or Salary? (Form(s) W-2)
- ☐ ☒ ☐ 2. Tip Income?
- ☐ ☒ ☐ 3. Scholarships? (Forms W-2, 1098-T)
- ☒ ☐ ☐ 4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV, 1099-OID)
- ☐ ☒ ☐ 5. Refund of state/local income taxes previously used as a deduction on 1040 Sch A? (Form(s) 1099-G)
- ☐ ☒ ☐ 6. Alimony Income?
- ☐ ☒ ☐ 7. Self-Employment Income/Loss (such as earnings from contract labor, small business)? (Form(s) 1099-MISC)
- ☒ ☐ ☐ 8. Income (gain or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Form(s) 1099-B)
- ☐ ☒ ☐ 9. Disability Income (such as payments from SSA, VA, insurance, etc)? (Forms 1099-R, W-2)
- ☐ ☒ ☐ 10. Distributions from Pensions, Annuities, and/or IRA? (Form(s) 1099-R)
- ☐ ☒ ☐ 11. Unemployment Compensation? (Form(s) 1099-G)
- ☐ ☒ ☐ 12. Social Security or Railroad Retirement Benefits? (Form(s) SSA-1099)
- ☒ ☐ ☐ 13. Income (profit or loss) from Rental Property?
- ☐ ☒ ☐ 14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: \_\_\_\_\_ (Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2010 Did you (or your spouse) pay: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- ☐ ☒ ☐ 1. Alimony: If yes, do you have the recipient's SSN? ☐ Yes ☐ No
- ☐ ☒ ☐ 2. Contributions to a retirement account? ☐ IRA ☐ Roth IRA ☐ 401K ☐ Other
- ☐ ☒ ☐ 3. Educational expenses paid for yourself, spouse or dependents? (such as tuition, books, fees, etc.)
- ☒ ☐ ☐ 4. Unreimbursed employee business expenses (such as mileage)?
- ☐ ☒ ☐ 5. Medical expenses?
- ☐ ☒ ☐ 6. Home mortgage interest?
- ☐ ☒ ☐ 7. Real estate taxes for your home or personal property taxes?
- ☐ ☒ ☐ 8. Charitable contributions?
- ☐ ☒ ☐ 9. Child/dependent care expenses that allowed you and your spouse, to work or to look for work?

**Part V. Life Events – In 2010 Did you (or your spouse): Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- ☐ ☒ ☐ 1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
- ☐ ☒ ☐ 2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form(s) 1099-C)
- ☐ ☒ ☐ 3. Buy a home? If yes, closing date \_\_\_\_\_
- ☐ ☒ ☐ 4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? \_\_\_\_\_
- ☐ ☒ ☐ 5. Purchase and install energy efficient home items? (such as windows, furnace, insulation, etc.)
- ☐ ☒ ☐ 6. Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
- ☐ ☒ ☐ 7. Receive the First Time Homebuyers Credit in previous years?
- ☐ ☒ ☐ 8. Pay any student loan interest?
- ☐ ☒ ☐ 9. Make estimated tax payments or apply last year's refund to your 2010 tax? If so how much? \_\_\_\_\_
- ☐ ☒ ☐ 10. If you are due a refund, would you like a direct deposit or split your refund?
- ☐ ☒ ☐ 11. If you are due a refund, would you like information on how to purchase U.S. Savings Bonds?
- ☐ ☒ ☐ 12. If you have a balance due, would you like information about all of your payment options? (such as payment directly from your bank account, check, money order, credit/debit card or payment plan)

Catalog Number 52121E

Form **13614-C** (Rev. 8-2010)

2

## TAXPAYER STOP HERE!

Thank you for completing this form.

### Section B. To be Completed by Certified Volunteer Only

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1 & 2 is complete. Any question marked "Unsure" must be discussed with the taxpayer and changed to "Yes" or "No".

**Must be completed ONLY if persons are listed in Part II, Question 2.**

- ☐ Yes ☐ No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 3. Did any of the persons listed in Part II, Question 2 provide more than half of their own support? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? If no, which ones:  
☐ N/A  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_

#### Reminder

Use Publication 17, *Your Federal Income Tax For Individuals* and Publication 4012, *Volunteer Resource Guide* in making tax law determinations.

Catalog Number 52121E

### Section C. To be completed by a Certified Quality Reviewer

After reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer, check the final item.

1. **Section A & B** of this form are complete.
  2. **Taxpayer's identity, address and phone number** was verified.
  3. **Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents** match the supporting documents.
  4. **Filing Status** is correctly determined.
  5. **Personal and Dependency Exemptions** are entered correctly on the return.
  6. All **income** shown on source documents and noted in Sections A, part III is included on the tax return.
  7. Any **Adjustments to Income** are correctly reported.
  8. **Standard, Additional or Itemized Deductions** are correct.
  9. All **credits** are correctly reported.
  10. Withholding shown on **Forms W-2, 1099 and Estimated Tax Payments** are correctly reported.
  11. If **direct deposit or debit** was elected, checking/saving account and routing information match the supporting documents.
  12. Correct **SIDN** is shown on the return.
- ☐ **All Quality Review Issues above have been addressed and necessary changes have been made.**

Form **13614-C** (Rev. 8-2010)

3



<b>a Employee's social security number</b> <b>410-XX-XXXX</b>		OMB No. 1545-0008 Safe, accurate, FAST! Use		Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>							
<b>b Employer identification number (EIN)</b> <b>30-1XXXXXX</b>		<b>1 Wages, tips, other compensation</b> <b>\$35,550.00</b>		<b>2 Federal income tax withheld</b> <b>\$4,425.00</b>							
<b>c Employer's name, address, and ZIP code</b> <b>WEST HEALTH CENTER</b> <b>5330 PORTER STE. 12</b> <b>YOUR CITY, STATE ZIP</b>		<b>3 Social security wages</b> <b>\$35,550.00</b>		<b>4 Social security tax withheld</b> <b>\$2,204.00</b>							
		<b>5 Medicare wages and tips</b> <b>\$35,550.00</b>		<b>6 Medicare tax withheld</b> <b>\$515.00</b>							
		<b>7 Social security tips</b>		<b>8 Allocated tips</b>							
		<b>9 Advance EIC payment</b>		<b>10 Dependent care benefits</b>							
<b>d Control number</b>		<b>11 Nonqualified plans</b>		<b>12a See instructions for box 12</b>							
<b>e Employee's first name and initial Last name Suff.</b> <b>KATARINA V. BENTON</b> <b>777 CLYDE RD</b> <b>YOUR CITY, STATE ZIP</b>		<b>13</b> <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="text-align: center; font-size: 8px;">Statutory employee</td> <td style="text-align: center; font-size: 8px;">Retirement plan</td> <td style="text-align: center; font-size: 8px;">Third-party sick pay</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		Statutory employee	Retirement plan	Third-party sick pay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>12b</b>	
		Statutory employee	Retirement plan	Third-party sick pay							
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							
		<b>14 Other</b>		<b>12c</b>							
		<b>12d</b>									
<b>f Employee's address and ZIP code</b>											
<b>15 State</b> Employer's state ID number <b>YS 30-1XXXXXX</b>	<b>16 State wages, tips, etc.</b> <b>\$35,550.00</b>	<b>17 State income tax</b> <b>\$1,775.00</b>	<b>18 Local wages, tips, etc.</b>	<b>19 Local income tax</b>	<b>20 Locality name</b>						

Form **W-2** Wage and Tax Statement

2010

Department of the Treasury—Internal Revenue Service

**Copy B—To Be Filed With Employee's FEDERAL Tax Return.**  
 This information is being furnished to the Internal Revenue Service.

<b>a Employee's social security number</b> <b>410-XX-XXXX</b>		OMB No. 1545-0008 Safe, accurate, FAST! Use		Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>							
<b>b Employer identification number (EIN)</b> <b>30-2XXXXXX</b>		<b>1 Wages, tips, other compensation</b> <b>\$5,322.00</b>		<b>2 Federal income tax withheld</b> <b>\$532.00</b>							
<b>c Employer's name, address, and ZIP code</b> <b>DFAS</b> <b>P.O. BOX 9999</b> <b>IOWA CITY, IOWA 52240</b>		<b>3 Social security wages</b> <b>\$5,322.00</b>		<b>4 Social security tax withheld</b> <b>\$330.00</b>							
		<b>5 Medicare wages and tips</b> <b>\$5,322.00</b>		<b>6 Medicare tax withheld</b> <b>\$77.00</b>							
		<b>7 Social security tips</b>		<b>8 Allocated tips</b>							
		<b>9 Advance EIC payment</b>		<b>10 Dependent care benefits</b>							
<b>d Control number</b>		<b>11 Nonqualified plans</b>		<b>12a See instructions for box 12</b>							
<b>e Employee's first name and initial Last name Suff.</b> <b>KATARINA V. BENTON</b> <b>777 CLYDE RD</b> <b>YOUR CITY, STATE ZIP</b>		<b>13</b> <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="text-align: center; font-size: 8px;">Statutory employee</td> <td style="text-align: center; font-size: 8px;">Retirement plan</td> <td style="text-align: center; font-size: 8px;">Third-party sick pay</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		Statutory employee	Retirement plan	Third-party sick pay	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<b>12b</b>	
		Statutory employee	Retirement plan	Third-party sick pay							
		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
		<b>14 Other</b>		<b>12c</b>							
		<b>12d</b>									
<b>f Employee's address and ZIP code</b>											
<b>15 State</b> Employer's state ID number <b>YS 30-2XXXXXX</b>	<b>16 State wages, tips, etc.</b> <b>\$5,322.00</b>	<b>17 State income tax</b> <b>\$266.00</b>	<b>18 Local wages, tips, etc.</b>	<b>19 Local income tax</b>	<b>20 Locality name</b>						

Form **W-2** Wage and Tax Statement

2010

Department of the Treasury—Internal Revenue Service

**Copy B—To Be Filed With Employee's FEDERAL Tax Return.**  
 This information is being furnished to the Internal Revenue Service.

a Employee's social security number <b>410-XX-XXXX</b>		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>30-2XXXXXX</b>		1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code <b>DFAS PO BOX 9999 IOWA CITY, IOWA 52240</b>		3 Social security wages <b>\$49,390.00</b>		4 Social security tax withheld <b>\$3,062.00</b>	
		5 Medicare wages and tips <b>\$49,390.00</b>		6 Medicare tax withheld <b>\$716.00</b>	
		7 Social security tips		8 Allocated tips	
d Control number		9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name <b>KATARINA V. BENTON</b>		11 Nonqualified plans		12a See instructions for box 12 <b>Q \$49,390</b>	
777 CLYDE RD		13 Statutory Retirement Third-party employee plan sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b	
YOUR CITY, STATE ZIP		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax  
Statement

**2010**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.

<input type="checkbox"/> CORRECTED (if checked)		Payer's RTN (optional)		OMB No. 1545-0112	
PAYER'S name, street address, city, state, ZIP code, and telephone no. <b>FIDELITY BANK 2121 WEST 3RD ST YOUR CITY, STATE ZIP</b>		1 Interest income <b>\$ 1,200.00</b>		2010 Interest Income	
		2 Early withdrawal penalty <b>\$</b>		Form 1099-INT	
PAYER'S federal identification number <b>30-3XXXXXX</b>	RECIPIENT'S identification number <b>410-XX-XXXX</b>	3 Interest on U.S. Savings Bonds and Treas. obligations <b>\$</b>		Copy B For Recipient	
RECIPIENT'S name <b>KATARINA V. BENTON</b>		4 Federal income tax withheld <b>\$</b>		5 Investment expenses <b>\$</b>	
Street address (including apt. no.) <b>777 CLYDE RD</b>		6 Foreign tax paid <b>\$ 300.00</b>		7 Foreign country or U.S. possession	
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		8 Tax-exempt interest <b>\$</b>		9 Specified private activity bond interest <b>\$</b>	
Account number (see instructions)		10 Tax-exempt bond CUSIP no. (see instructions)			

Form 1099-INT

(keep for your records)

Department of the Treasury - Internal Revenue Service



## Military Scenario 3: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer the following questions. Refer to the interview notes for special guidance related to Form 6251 and nonrefundable credits.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 19.1** If Lucas did not elect to be treated as a resident alien, what filing status must Katarina use?
- a. Single
  - b. Married Filing Separately
  - c. Head of Household
  - d. She could file jointly, and not claim Lucas's exemption
- 19.2** How many exemptions can Katarina and Lucas claim on their joint return? \_\_\_\_\_
- 19.3** Katarina's combat zone income from Form W-2 is reported on Form 1040, line 7.
- a. True
  - b. False
- 19.4** What is the amount of short-term gain or loss on Form 1040, Schedule D, line 7?
- a. \$1,000 gain
  - b. \$1,000 loss
  - c. \$2,000 gain
  - d. \$2,000 loss
- 19.5** What is Katarina's income or loss from rental real estate that is reported in the Income section of Form 1040?
- a. \$2,370
  - b. \$2,720
  - c. \$3,270
  - d. \$8,500

- 19.6** What standard mileage rate is used to calculate Katarina's Army Reserve mileage on Form 2106-EZ, line 1?
- a. 16.5 cents per mile
  - b. 50 cents per mile
  - c. 55 cents per mile
  - d. 58.5 cents per mile
- 19.7** The total adjustments to gross income on Form 1040 are \$ \_\_\_\_.
- 19.8** Katarina's reservist expenses are an adjustment to income because:
- a. All reservists' expenses are an adjustment to income.
  - b. Katarina had to travel more than 100 miles for reservist training.
  - c. Military doctors qualify to take their reservists' expenses as an adjustment to income.
  - d. Military reservists who also receive combat pay qualify to take expenses as an adjustment to income.
- 19.9** Katarina is not required to file Form 1116 because:
- a. The tax was paid on passive category income
  - b. The amount of tax was less than \$600
  - c. The income was reported on Form 1099-INT
  - d. All of the above
- 19.10** What is the total foreign tax credit in the Tax and Credits section of Form 1040?
- a. \$100
  - b. \$200
  - c. \$300
  - d. \$400
- 19.11** Katarina and Lucas are filing a joint return. What is the amount of the making work pay credit on their Form 1040?
- a. \$250
  - b. \$400
  - c. \$500
  - d. \$800

## Military Scenario 4: Sebastien and Michelle Decatur

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### Taxpayer Documents

- Social security cards for Sebastien, Michelle, and Jack
- Completed Intake and Interview Sheet
- Form W-2
- Form 1099-R
- Form 1099-INT
- Voided check

### Interview Notes

- Sebastien was deployed to Afghanistan for part of the year in 2010. The rest of the time he was assigned to a base in the U.S.
- Properties:
  - Sold home in U.S., where they lived for 4 years
    - Purchased: 03/15/2005 for \$150,000
    - Sold: 1/5/2010 for \$140,000
    - Improvements: \$10,000 – Replaced all the carpets and the entire heating system in 2008
    - Use: house was never rented or used for business
    - Form 1099-S was not issued for the sale of the home
- The family moved into base housing after the sale of the home.
- They have one child, Jack, who lived with them all year.
- Other:
  - Michelle did not work in 2010.
  - The Decaturs did not itemize in 2009, and they do not have enough deductions to itemize in 2010.
  - Michelle's father, John Warren, is deceased and Michelle is the beneficiary of his traditional IRA account.
  - Both Sebastien and Michelle want to designate \$3 to the Presidential Election Campaign Fund.
  - If Sebastien and Michelle get a refund, they want to have it deposited into their checking account.
  - The Decaturs did not receive an economic recovery payment in 2010.



**Intake/Interview & Quality Review Sheet****Section A. Page 1 and Page 2 to be completed by Taxpayer**

Thank you for allowing us to prepare your tax return. It is very important for you to provide the information on this form to help our certified volunteer preparer in completing your return. **If you have any questions, please ask.**

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as drivers license or other picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>SEBASTIEN</b>	M. I. <b>R</b>	Last Name <b>DECATUR</b>	Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Spouse's First Name <b>MICHELLE</b>	M. I. <b>A</b>	Last Name <b>DECATUR</b>	Is spouse a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing Address <b>20050 MOUNTAIN DRIVE</b>	Apt#	City <b>YOUR CITY</b>	State <b>YS</b> Zip Code <b>YOUR ZIP</b>
4. Phone Primary: <b>YOUR PHONE #</b> Other:	E-mail <b>NONE</b>		
5. Your Date of Birth <b>07/27/1972</b>	6. Your Occupation <b>MILITARY</b>	7. Are you Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Spouse's Date of Birth <b>06/06/1975</b>	10. Spouse's Occupation <b>UNEMPLOYED</b>	11. Is Spouse Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
13. Can your parents or someone else claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure			

**Part II. Family and Dependent Information**

1. As of December 31, 2010, your marital status was:

☐ Single

☒ Married: Did you live with your spouse during any part of the last six months of 2010? ☒ Yes ☐ No

☐ Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_

☐ Widowed: Year of spouse's death: \_\_\_\_\_

2. List the name of everyone below who lived in your home and outside your home that you supported during 2010.  
If additional space is needed please check here and use page 4 for additional information. ☐

Name (first, last) Do not enter your name or Spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. son, mother, sister)	Number of months lived in your home	US Citizen or resident of the US, Canada or Mexico (yes/no)	Single as of 12/31/10 (yes/no)	Full- time student (yes/no)	Received more than \$3650 in income (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>JACK DECATUR</b>	<b>01/16/04</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>NO</b>

- Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.
- To report any concerns to IRS on site operating issues please call **Toll Free 1-877-330-1205** or email us at **WI.Voltax@irs.gov**.



**Section A. To be completed by Taxpayer (continued)**

**Part III. Income – In 2010, did you (or your spouse) receive: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- ☒ ☐ ☐ 1. Wages or Salary? (Form(s) W-2)
- ☐ ☒ ☐ 2. Tip Income?
- ☐ ☒ ☐ 3. Scholarships? (Forms W-2, 1098-T)
- ☒ ☐ ☐ 4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV, 1099-OID)
- ☐ ☒ ☐ 5. Refund of state/local income taxes previously used as a deduction on 1040 Sch A? (Form(s) 1099-G)
- ☐ ☒ ☐ 6. Alimony Income?
- ☐ ☒ ☐ 7. Self-Employment Income/Loss (such as earnings from contract labor, small business)? (Form(s) 1099-MISC)
- ☒ ☐ ☐ 8. Income (gain or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Form(s) 1099-B)
- ☐ ☒ ☐ 9. Disability Income (such as payments from SSA, VA, insurance, etc)? (Forms 1099-R, W-2)
- ☒ ☐ ☐ 10. Distributions from Pensions, Annuities, and/or IRA? (Form(s) 1099-R)
- ☐ ☒ ☐ 11. Unemployment Compensation? (Form(s) 1099-G)
- ☐ ☒ ☐ 12. Social Security or Railroad Retirement Benefits? (Form(s) SSA-1099)
- ☐ ☒ ☐ 13. Income (profit or loss) from Rental Property?
- ☐ ☒ ☐ 14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: \_\_\_\_\_ (Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2010 Did you (or your spouse) pay: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- ☐ ☒ ☐ 1. Alimony: If yes, do you have the recipient's SSN? ☐ Yes ☐ No
- ☐ ☒ ☐ 2. Contributions to a retirement account? ☐ IRA ☐ Roth IRA ☐ 401K ☐ Other
- ☐ ☒ ☐ 3. Educational expenses paid for yourself, spouse or dependents? (such as tuition, books, fees, etc.)
- ☐ ☒ ☐ 4. Unreimbursed employee business expenses (such as mileage)?
- ☐ ☒ ☐ 5. Medical expenses?
- ☐ ☒ ☐ 6. Home mortgage interest?
- ☐ ☒ ☐ 7. Real estate taxes for your home or personal property taxes?
- ☐ ☒ ☐ 8. Charitable contributions?
- ☐ ☒ ☐ 9. Child/dependent care expenses that allowed you and your spouse, to work or to look for work?

**Part V. Life Events – In 2010 Did you (or your spouse): Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- ☐ ☒ ☐ 1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
- ☐ ☒ ☐ 2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form(s) 1099-C)
- ☐ ☒ ☐ 3. Buy a home? If yes, closing date \_\_\_\_\_
- ☐ ☒ ☐ 4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? \_\_\_\_\_
- ☐ ☒ ☐ 5. Purchase and install energy efficient home items? (such as windows, furnace, insulation, etc.)
- ☐ ☒ ☐ 6. Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
- ☐ ☒ ☐ 7. Receive the First Time Homebuyers Credit in previous years?
- ☐ ☒ ☐ 8. Pay any student loan interest?
- ☐ ☒ ☐ 9. Make estimated tax payments or apply last year's refund to your 2010 tax? If so how much? \_\_\_\_\_
- ☒ ☐ ☐ 10. If you are due a refund, would you like a direct deposit or split your refund?
- ☐ ☒ ☐ 11. If you are due a refund, would you like information on how to purchase U.S. Savings Bonds?
- ☐ ☒ ☐ 12. If you have a balance due, would you like information about all of your payment options? (such as payment directly from your bank account, check, money order, credit/debit card or payment plan)

Catalog Number 52121E

Form **13614-C** (Rev. 8-2010)

2

## TAXPAYER STOP HERE!

Thank you for completing this form.

### Section B. To be Completed by Certified Volunteer Only

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1 & 2 is complete. Any question marked "Unsure" must be discussed with the taxpayer and changed to "Yes" or "No".

**Must be completed ONLY if persons are listed in Part II, Question 2.**

- ☐ Yes ☐ No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 3. Did any of the persons listed in Part II, Question 2 provide more than half of their own support? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? If no, which ones:  
☐ N/A  
\_\_\_\_\_  
\_\_\_\_\_
- ☐ Yes ☐ No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? If yes, which ones:  
\_\_\_\_\_  
\_\_\_\_\_

#### Reminder

Use Publication 17, *Your Federal Income Tax For Individuals* and Publication 4012, *Volunteer Resource Guide* in making tax law determinations.

Catalog Number 52121E

### Section C. To be completed by a Certified Quality Reviewer


After reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer, check the final item.

1. **Section A & B** of this form are complete.
  2. **Taxpayer's identity, address and phone number** was verified.
  3. **Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents** match the supporting documents.
  4. **Filing Status** is correctly determined.
  5. **Personal and Dependency Exemptions** are entered correctly on the return.
  6. All **income** shown on source documents and noted in Sections A, part III is included on the tax return.
  7. Any **Adjustments to Income** are correctly reported.
  8. **Standard, Additional or Itemized Deductions** are correct.
  9. All **credits** are correctly reported.
  10. Withholding shown on **Forms W-2, 1099 and Estimated Tax Payments** are correctly reported.
  11. If **direct deposit or debit** was elected, checking/saving account and routing information match the supporting documents.
  12. Correct **SIDN** is shown on the return.
- ☐ **All Quality Review Issues above have been addressed and necessary changes have been made.**

Form **13614-C** (Rev. 8-2010)

3



a Employee's social security number <b>420-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>30-2XXXXXX</b>				1 Wages, tips, other compensation <b>\$15,950.00</b>		2 Federal income tax withheld <b>\$1,595.00</b>	
c Employer's name, address, and ZIP code <b>DFAS P.O. BOX 9999 IOWA CITY, IOWA 52240</b>				3 Social security wages <b>\$25,950.00</b>		4 Social security tax withheld <b>\$1,608.90</b>	
				5 Medicare wages and tips <b>\$25,950.00</b>		6 Medicare tax withheld <b>\$376.28</b>	
				7 Social security tips		8 Allocated tips	
d Control number				9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name Suff. <b>SEBASTIEN R. DECATUR 20050 MOUNTAIN DRIVE YOUR CITY, STATE ZIP</b>				11 Nonqualified plans		12a See instructions for box 12 <b>Q \$10,000</b>	
				13 Statutory Retirement Third-party employee plan sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b	
				14 Other		12c	
						12d	
f Employee's address and ZIP code				15 State Employer's state ID number <b>YS 30-2XXXXXX</b>		16 State wages, tips, etc. <b>\$15,950.00</b>	
				17 State income tax <b>\$798.00</b>		18 Local wages, tips, etc.	
				19 Local income tax		20 Locality name	

Form **W-2** Wage and Tax  
Statement

**2010**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code <b>RAIN TREE FEDERAL CREDIT UNION P.O. BOX 555 YOUR CITY, STATE ZIP</b>		1 Gross distribution <b>\$ 2,275.00</b>		OMB No. 1545-0119 <b>2010</b>		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.			
2a Taxable amount <b>\$ 2,275.00</b>		2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>		Form <b>1099-R</b>					
PAYER'S federal identification number <b>30-3XXXXXX</b>	RECIPIENT'S identification number <b>421-XX-XXXX</b>	3 Capital gain (included in box 2a) <b>\$</b>		4 Federal income tax withheld <b>\$ 925.00</b>		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.			
RECIPIENT'S name <b>JOHN WARREN, DECEASED FBO MICHELLE A. DECATUR, BENEFICIARY</b>		5 Employee contributions /Designated Roth contributions or insurance premiums <b>\$</b>		6 Net unrealized appreciation in employer's securities <b>\$</b>					
Street address (including apt. no.) <b>20050 MOUNTAIN DRIVE</b>		7 Distribution code(s) <b>4</b>		8 Other <b>\$ %</b>					
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		9a Your percentage of total distribution <b>%</b>		9b Total employee contributions <b>\$</b>		This information is being furnished to the Internal Revenue Service.			
1st year of desig. Roth contrib.		10 State tax withheld <b>\$</b>		11 State/Payer's state no.				12 State distribution <b>\$</b>	
Account number (see instructions)		13 Local tax withheld <b>\$</b>		14 Name of locality				15 Local distribution <b>\$</b>	

Form **1099-R**

Department of the Treasury—Internal Revenue Service

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. <b>U. S. BANK OF AMERICA</b> <b>4210 BATTON BLVD</b> <b>YOUR CITY, STATE ZIP</b>		Payer's RTN (optional)	OMB No. 1545-0112	
		1 Interest income <b>\$ 1,380.00</b>	<b>2010</b> Interest Income Form <b>1099-INT</b>	
		2 Early withdrawal penalty \$		
PAYER'S federal identification number <b>31-2XXXXXX</b>	RECIPIENT'S identification number <b>420-XX-XXXX</b>	3 Interest on U.S. Savings Bonds and Treas. obligations \$	<b>Copy B</b> <b>For Recipient</b> This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
RECIPIENT'S name <b>SEBASTIEN R. DECATUR</b>		4 Federal income tax withheld \$		5 Investment expenses \$
Street address (including apt. no.) <b>20050 MOUNTAIN DRIVE</b>		6 Foreign tax paid \$		7 Foreign country or U.S. possession
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		8 Tax-exempt interest \$		9 Specified private activity bond interest \$
Account number (see instructions)		10 Tax-exempt bond CUSIP no. (see instructions)		
Form <b>1099-INT</b>		(keep for your records)		Department of the Treasury - Internal Revenue Service

<b>Sebastien R. Decatur</b>		<b>1234</b>
<b>Michelle A. Decatur</b>		15-0000000000
20050 Mountain Drive		
Your City, State 00000		
_____ 20		
PAY TO THE ORDER OF _____		\$ _____
_____		DOLLARS
<b>Bank of America</b>		
Anytown, State 00000		
For _____		
: 111000025 : 123456789 1234		



## Military Scenario 4: Test Questions

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### Directions

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 20.1** How much of the loss on the sale of the Decaturs' personal residence can be taken on Schedule D?
- a. \$0
  - b. \$3,000 loss
  - c. \$10,000 loss
  - d. \$20,000 loss
- 20.2** On Form 1099-R, box 7, code 4 indicates that the distribution is subject to the 10% additional tax on IRAs.
- a. True
  - b. False
- 20.3** The amount reported on the Total Income line of Form 1040 for the Decaturs is \$19,605.
- a. True
  - b. False
- 20.4** Which of the following can be included in earned income for the purpose of computing the earned income credit?
- a. Interest income
  - b. Combat pay
  - c. The standard deduction
  - d. Capital gain income
- 20.5** What is the Decaturs' maximum amount of earned income credit?
- a. \$0
  - b. \$1,500
  - c. \$1,628
  - d. \$3,050





## 2010 6744 Test – International Course

The first three scenarios do not require you to prepare a tax return. Read the scenario carefully and use your training and reference tools to answer the questions after the scenario.

### International Scenario 1: Russell and Annabelle Marquette

#### Interview Notes

- Russell is a U.S. citizen and has a valid social security number. Russell and Annabelle are married and live in Switzerland.
- Annabelle is a Swiss foreign national (citizen of Switzerland).
- Russell's total income was \$75,000.
- Annabelle has an ITIN but had no income and has never lived in the U.S.
- Russell's 17-year-old daughter, Caitlin, lives with them. Caitlin's mother died in 2005. Caitlin is a U.S. citizen and has a valid social security number.
- Russell provided all the financial support for Caitlin.
- Annabelle has 4-year-old twins, Spencer and Max, both Swiss citizens, who lived with Russell and Annabelle in Switzerland for all of 2010.
- Russell is not the father of the twins and has not adopted them.

## International Scenario 1: Test Questions

---

### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 21.1** Who can claim Caitlin as a dependent?
- a. No one can claim Caitlin as a dependent
  - b. Russell, because Caitlin is his qualifying child
  - c. Russell, because Caitlin is his qualifying relative
  - d. Caitlin can claim her own exemption
- 21.2** Can Russell claim Spencer and Max as dependents?
- a. Yes, because Annabelle does not have a filing requirement
  - b. Yes, because they are his qualifying children
  - c. No, because they are not U.S. citizens, U.S. resident aliens, U.S. nationals, or residents of Canada or Mexico
  - d. No, because Russell does not live in the U.S.
- 21.3** If Annabelle decides she does not want to file a joint return with Russell, can Russell claim a personal exemption for Annabelle?
- a. Yes, because she has no income and cannot be claimed as a dependent by anyone else.
  - b. Yes, because Annabelle is Caitlin's stepmother.
  - c. No, the only way Russell could claim Annabelle's personal exemption is to file a joint return with her.
  - d. No, since Annabelle does not qualify for a personal exemption.
- 21.4** If Russell files as Head of Household, who would be his qualifying person?
- a. Annabelle, because she is his nonresident alien spouse.
  - b. Spencer and Max, because they lived with Russell.
  - c. Caitlin, because she is his qualifying child.
  - d. Russell is not eligible to file as Head of Household.



## International Scenario 2: Sam and Karen Floyd

---

### Interview Notes

- Sam and Karen Floyd currently live in London. They moved there on January 20, 2010, for Karen's temporary job assignment. They are U.S. citizens and have valid social security numbers.
- They left for a visit to the U.S. on July 1, 2010, and returned to London on July 15, 2010.
- They also spent 14 days sightseeing in France and Spain, in August.
- They currently rent a home in London and sublet their apartment in the U.S.

## International Scenario 2: Test Questions

---

### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 22.1** Which test qualifies Sam and Karen for the Foreign Earned Income Exclusion?
- a. Bona fide residence test
  - b. Physical presence test
  - c. Both a and b
  - d. Sam and Karen are not eligible to exclude their foreign earned income
- 22.2** When calculating the 330 full days in a foreign country for the physical presence test, how are the 14 days spent sightseeing in France and Spain treated?
- a. The days are counted as days spent in a foreign country
  - b. The days are not counted as days spent in a foreign country
  - c. The first and last days of the trip do not count as days spent in a foreign country
  - d. Only 7 of the 14 days count as days spent in a foreign country

## International Scenario 3: John and Laura Morton

---

### Interview Notes

- John and Laura are married and plan to file a joint return.
- John's birth date is February 5, 1944.
- Laura's birth date is June 1, 1946.
- Laura retired on December 31, 2009, and began drawing a monthly pension in January 2010.
- John is still employed.
- The pension plan is a qualified plan and will be paid as a joint and survivor annuity over Laura's and John's lifetime.
- The gross distribution reported on Form 1099-R for 2010 was \$10,200.
- The total employee contribution to the plan was \$46,500.
- John and Laura are U.S. citizens and have valid social security numbers.

## International Scenario 3: Test Questions

---

### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 23.1** How much of the \$10,200 distribution reported on Form 1099-R is taxable?
- a. \$0
  - b. \$8,054
  - c. \$8,400
  - a. \$10,200
- 23.2** Whose age(s) must be used to compute the taxable pension income for the annuity?
- a. John's
  - b. Laura's
  - c. Both John's and Laura's
  - d. Age is not a factor in the computation

## International Scenario 4: David and Miriam Fulton

---

### Taxpayer Documents

- Social security cards for David and Miriam Fulton
- Completed Intake and Interview Sheet
- Form W-2 for Miriam Fulton
- Form 1099-INT

### Interview Notes

- David and Miriam Fulton, a married couple, are U.S. citizens who have lived and worked in London since January 20, 2006. They did not return to the U.S. at any time during 2010.
- Income:
  - David is a self-employed photographer in London.
  - David had \$21,500 in receipts from sales, teaching, and consulting.
  - His expenses included:
    - \$200 per month for 12 months of rent for shared office space, which included utilities
    - \$1,000 in supplies
    - \$500 in business-related, long-distance telephone calls
  - David's studio is located at 103 Tower Lane, London, England.
  - They have taken the Foreign Earned Income Exclusion for David's earnings in 2007, 2008, and 2009 and expect to take it again in 2010. They have never revoked this exclusion.
  - Miriam worked at the U.S. Embassy and has a Form W-2 for her salary.
  - They have checking and savings accounts at First London Bank, London, England. After converting to U.S. dollars, the interest was \$3,120. The foreign tax paid to the U.K. on this interest income was \$550 U.S. dollars.
  - They also have an account in a U.S. bank (Form 1099-INT).
- Sale of property, lake lot:
  - Purchased September 30, 2005, for \$20,000
  - Sold May 30, 2010, for \$24,000
  - Sale was net of commissions
- Sale of stock:
  - Miriam inherited 500 shares of S&P stock on December 20, 2009.
  - Fair market value of the stock inherited from her parents when they died was \$20,000.
  - Miriam sold 250 shares of the stock on November 24, 2010 for \$5,000 (net commission).
- The sale of the lake lot and the stock sales were U.S. transactions.

## Interview Notes (continued)

- Additional Information:
  - David and Miriam rent an apartment in London and do not maintain any other residence abroad or in the U.S.
  - They consider themselves residents of England and have never stated otherwise.
  - They understand that they must pay income tax to England.
  - Miriam is an employee of the U.S. Embassy, and David has an unlimited work visa.
  - David and Miriam did not itemize for 2009 and do not have enough to itemize for 2010.
  - They want to file a joint return.
  - Neither David nor Miriam wants to designate \$3 to the Presidential Election Campaign Fund.
  - The Fultons did not receive an economic recovery payment in 2010.
  - Important note: For purposes of this scenario, Form 6251, Alternative Minimum Tax, line 31 amount is \$0. You may need to provide this information for certain worksheets.





**Intake/Interview & Quality Review Sheet****Section A. Page 1 and Page 2 to be completed by Taxpayer**

Thank you for allowing us to prepare your tax return. It is very important for you to provide the information on this form to help our certified volunteer preparer in completing your return. **If you have any questions, please ask.**

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as drivers license or other picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>DAVID</b>	M. I. <b>A</b>	Last Name <b>FULTON</b>	Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Spouse's First Name <b>MIRIAM</b>	M. I. <b>R</b>	Last Name <b>FULTON</b>	Is spouse a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing Address <b>220 ST. LOUIS STREET</b>	Apt#	City <b>LONDON, ENGLAND</b>	State Zip Code
4. Phone Primary: <b>YOUR PHONE #</b>	Other:	E-mail <b>NONE</b>	
5. Your Date of Birth <b>10/03/1982</b>	6. Your Occupation <b>PHOTOGRAPHER</b>	7. Are you Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9. Spouse's Date of Birth <b>12/21/1984</b>	10. Spouse's Occupation <b>CLERK</b>	11. Is Spouse Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
13. Can your parents or someone else claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure			

**Part II. Family and Dependent Information**

1. As of December 31, 2010, your marital status was:

☐ Single

☒ Married: Did you live with your spouse during any part of the last six months of 2010? ☒ Yes ☐ No

☐ Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_

☐ Widowed: Year of spouse's death: \_\_\_\_\_

2. List the name of everyone below who lived in your home and outside your home that you supported during 2010.  
If additional space is needed please check here and use page 4 for additional information. ☐

Name (first, last) Do not enter your name or Spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. son, mother, sister)	Number of months lived in your home	US Citizen or resident of the US, Canada or Mexico (yes/no)	Single as of 12/31/10 (yes/no)	Full- time student (yes/no)	Received more than \$3650 in income (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)

- Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.
- To report any concerns to IRS on site operating issues please call **Toll Free 1-877-330-1205** or email us at **WI.Voltax@irs.gov**.

**Section A. To be completed by Taxpayer (continued)**

**Part III. Income – In 2010, did you (or your spouse) receive: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- |                                     |                                     |                          |  |
|-------------------------------------|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 1. Wages or Salary? (Form(s) W-2)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Tip Income?   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. Scholarships? (Forms W-2, 1098-T)   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV, 1099-OID) |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. Refund of state/local income taxes previously used as a deduction on 1040 Sch A? (Form(s) 1099-G)               |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. Alimony Income?   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 7. Self-Employment Income/Loss (such as earnings from contract labor, small business)? (Form(s) 1099-MISC)         |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | 8. Income (gain or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Form(s) 1099-B)     |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Disability Income (such as payments from SSA, VA, insurance, etc)? (Forms 1099-R, W-2)                          |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 10. Distributions from Pensions, Annuities, and/or IRA? (Form(s) 1099-R)   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 11. Unemployment Compensation? (Form(s) 1099-G)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 12. Social Security or Railroad Retirement Benefits? (Form(s) SSA-1099)  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 13. Income (profit or loss) from Rental Property?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: _____<br>(Forms W-2 G, 1099-MISC)  |

**Part IV. Expenses – In 2010 Did you (or your spouse) pay: (Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- |                          |                                     |                          |   |
|--------------------------|-------------------------------------|--------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1. Alimony: If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Contributions to a retirement account? <input type="checkbox"/> IRA <input type="checkbox"/> Roth IRA <input type="checkbox"/> 401K <input type="checkbox"/> Other |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. Educational expenses paid for yourself, spouse or dependents? (such as tuition, books, fees, etc.)   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. Unreimbursed employee business expenses (such as mileage)?   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. Medical expenses?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. Home mortgage interest?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. Real estate taxes for your home or personal property taxes?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. Charitable contributions?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Child/dependent care expenses that allowed you and your spouse, to work or to look for work?   |

**Part V. Life Events – In 2010 Did you (or your spouse): Check Yes, No or Unsure to all questions below)**

**Yes No Unsure**

- |                          |                                     |                          |   |
|--------------------------|-------------------------------------|--------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form(s) 1099-C)  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. Buy a home? If yes, closing date _____   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? _____  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. Purchase and install energy efficient home items? (such as windows, furnace, insulation, etc.)   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. Live in an area that was affected by a natural disaster? If yes, where? _____  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. Receive the First Time Homebuyers Credit in previous years?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. Pay any student loan interest?   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Make estimated tax payments or apply last year's refund to your 2010 tax?<br>If so how much? _____   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 10. If you are due a refund, would you like a direct deposit or split your refund?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 11. If you are due a refund, would you like information on how to purchase U.S. Savings Bonds?  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 12. If you have a balance due, would you like information about all of your payment options? (such as payment directly from your bank account, check, money order, credit/debit card or payment plan) |

Catalog Number 52121E

Form **13614-C** (Rev. 8-2010)

2



## TAXPAYER STOP HERE!

Thank you for completing this form.

### Section B. To be Completed by Certified Volunteer Only

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1 & 2 is complete. Any question marked "Unsure" must be discussed with the taxpayer and changed to "Yes" or "No".

**Must be completed ONLY if persons are listed in Part II, Question 2.**

- ☐ Yes ☐ No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? If yes, which ones:
- \_\_\_\_\_
- \_\_\_\_\_
- ☐ Yes ☐ No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? If yes, which ones:
- \_\_\_\_\_
- \_\_\_\_\_
- ☐ Yes ☐ No 3. Did any of the persons listed in Part II, Question 2 provide more than half of their own support? If yes, which ones:
- \_\_\_\_\_
- \_\_\_\_\_
- ☐ Yes ☐ No ☐ N/A 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? If no, which ones:
- \_\_\_\_\_
- \_\_\_\_\_
- ☐ Yes ☐ No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? If yes, which ones:
- \_\_\_\_\_
- \_\_\_\_\_

#### Reminder

Use Publication 17, *Your Federal Income Tax For Individuals* and Publication 4012, *Volunteer Resource Guide* in making tax law determinations.

Catalog Number 52121E

### Section C. To be completed by a Certified Quality Reviewer

After reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer, check the final item.

1. **Section A & B** of this form are complete.
2. **Taxpayer's identity, address and phone number** was verified.
3. **Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents** match the supporting documents.
4. **Filing Status** is correctly determined.
5. **Personal and Dependency Exemptions** are entered correctly on the return.
6. All **income** shown on source documents and noted in Sections A, part III is included on the tax return.
7. Any **Adjustments to Income** are correctly reported.
8. **Standard, Additional or Itemized Deductions** are correct.
9. All **credits** are correctly reported.
10. Withholding shown on **Forms W-2,1099 and Estimated Tax Payments** are correctly reported.
11. If **direct deposit or debit** was elected, checking/saving account and routing information match the supporting documents.
12. Correct **SIDN** is shown on the return.
- ☐ **All Quality Review Issues above have been addressed and necessary changes have been made.**

Form **13614-C** (Rev. 8-2010)

3

a Employee's social security number <b>511-XX-XXXX</b>		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>40-1XXXXXX</b>		1 Wages, tips, other compensation <b>\$35,500.00</b>		2 Federal income tax withheld <b>\$3,500.00</b>	
c Employer's name, address, and ZIP code <b>US CONSULATE 3000 ST. JAMES STREET LONDON, ENGLAND</b>		3 Social security wages <b>\$35,500.00</b>		4 Social security tax withheld <b>\$2,201.00</b>	
		5 Medicare wages and tips <b>\$35,500.00</b>		6 Medicare tax withheld <b>\$515.00</b>	
		7 Social security tips		8 Allocated tips	
d Control number		9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name <b>MIRIAM R. FULTON</b>		11 Nonqualified plans		12a See instructions for box 12	
220 ST. LOUIS STREET LONDON, ENGLAND		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax
					20 Locality name

Form **W-2** Wage and Tax  
Statement

**2010**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.  
This information is being furnished to the Internal Revenue Service.

<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0112	
PAYER'S name, street address, city, state, ZIP code, and telephone no. <b>TEACHERS FEDERAL CREDIT UNION 7200 APPLE TREE YOUR CITY, STATE ZIP</b>		Payer's RTN (optional)	
		1 Interest income <b>\$ 600.00</b>	
		2 Early withdrawal penalty <b>\$</b>	
PAYER'S federal identification number <b>40-2XXXXXX</b>		Form <b>1099-INT</b>	
RECIPIENT'S identification number <b>511-XX-XXXX</b>		3 Interest on U.S. Savings Bonds and Treas. obligations <b>\$</b>	
RECIPIENT'S name <b>MIRIAM R. FULTON</b>		4 Federal income tax withheld <b>\$</b>	
Street address (including apt. no.) <b>220 ST. LOUIS STREET</b>		5 Investment expenses <b>\$</b>	
City, state, and ZIP code <b>LONDON, ENGLAND</b>		6 Foreign tax paid <b>\$</b>	
Account number (see instructions)		7 Foreign country or U.S. possession <b>\$</b>	
		8 Tax-exempt interest <b>\$</b>	
		9 Specified private activity bond interest <b>\$</b>	
		10 Tax-exempt bond CUSIP no. (see instructions)	
Form <b>1099-INT</b>		(keep for your records)	

**2010** Interest Income

**Copy B**  
**For Recipient**

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Department of the Treasury - Internal Revenue Service



## International Scenario 4: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer the following questions. Refer to the interview notes for special guidance related to Form 6251 and certain worksheets.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 24.1** What is the amount of wages reported in the Income section of the Fultons' Form 1040?
- a. \$32,000
  - b. \$35,500
  - c. \$58,000
  - d. \$65,000
- 24.2** What is the net business income from self-employment reported on the Fultons' Form 1040?
- a. \$0
  - b. \$10,750
  - c. \$17,600
  - d. \$21,500
- 24.3** The Fultons' net short term capital loss on Schedule D, line 7 is (\$5,000).
- a. True
  - b. False
- 24.4** The Fultons' net long-term capital gain or loss on Schedule D, line 15 is\_\_\_\_\_.
- a. \$0
  - b. (\$11,000)
  - c. (\$1,000)
  - d. \$24,000
- 24.5** What are the start and end dates for the Fultons' bona fide residence on Form 2555, line 10?
- a. 01/20/2006, Continues
  - b. 01/01/2004, 12/31/2004
  - c. 01/01/2006, 12/31/2006
  - d. 01/01/2010, 12/31/2010

- 24.6** The correct amount of the foreign earned income exclusion reported on Form 1040, Other Income line is (\$17,600)?
- a. True
  - b. False
- 24.7** Miriam's salary does not qualify for the foreign earned income exclusion since it is paid by the U.S. government.
- a. True
  - b. False
- 24.8** The foreign tax credit on the Fultons' Form 1040 is \$550.
- a. True
  - b. False
- 24.9** The Fultons will be able to deduct one-half of the self employment tax as an adjustment to income on their Form 1040.
- a. True
  - b. False



## Form 6744 – 2010 VITA/TCE Test

### Blank Forms

The following blank forms can be used to complete the test for your chosen training course. If additional forms are needed, the forms can be photocopied.

The Tax Tables and EIC Tables are available in Publication 4491-W, the Comprehensive Problems and Exercises Workbook.

Form 1040, U.S. Individual Income Tax Return, pages 1 & 2 . . . . .	3
Schedule A, Itemized Deductions . . . . .	5
Schedule B, Interest and Ordinary Dividends . . . . .	7
Schedule C-EZ, Net Profit From Business, pages 1 & 2 . . . . .	8
Schedule C, Profit or Loss From Business, pages 1 & 2 . . . . .	10
Schedule D, Capital Gains and Losses, pages 1 & 2 . . . . .	12
Schedule E, Supplemental Income and Loss . . . . .	14
Schedule EIC, Earned Income Credit, page 1 . . . . .	16
Schedule M, Making Work Pay Credit . . . . .	17
Earned Income Worksheet for Schedule M . . . . .	18
Schedule SE, Self-Employment Tax . . . . .	19
Form 1116, Foreign Tax Credit, pages 1 & 2 . . . . .	21
Form 2106-EZ, Employee Business Expenses, page 1 . . . . .	23
Form 2441, Child and Dependent Care Expenses, pages 1 & 2 . . . . .	24
2441 Credit Limit Worksheet . . . . .	26
Form 2555, Foreign Earned Income, pages 1, 2 & 3 . . . . .	27
Form 5405, First-time Homebuyer Credit and Repayment of the Credit, pages 1 & 2 . . .	30
Form 5695, Residential Energy Credits . . . . .	32
5695 Credit Limit Worksheet . . . . .	33
Form 8812, Additional Child Tax Credit . . . . .	34
Form 8863, Education Credits, Pages 1 & 2 . . . . .	35
8863 Credit Limit worksheet . . . . .	37
Form 8880, Credit for Qualified Retirement Savings Contributions . . . . .	38
Form 8888, Allocation of Refund (Including Bond Purchases) . . . . .	39
Child Tax Credit Worksheet . . . . .	40
Child Tax Credit Worksheet, Line 51 . . . . .	41
EIC worksheet, Lines 64a and 64b . . . . .	43
EIC Worksheet A . . . . .	46
Foreign Earned Income Tax Worksheet . . . . .	47
Qualified Dividends and Capital Gain Tax Worksheet . . . . .	48
Simplified Method Worksheet . . . . .	49
Social Security Benefits Worksheet . . . . .	50
Standard Deduction Worksheet . . . . .	51
Student Loan Interest Deduction Worksheet . . . . .	52

This page intentionally left blank.



Form **1040**

Department of the Treasury—Internal Revenue Service

**U.S. Individual Income Tax Return****2010**

(99) IRS Use Only—Do not write or staple in this space.

**Label**

(See instructions on page 14.)

**Use the IRS label.**

Otherwise, please print or type.

L  
A  
B  
E  
L  
  
H  
E  
R  
E

For the year Jan. 1–Dec. 31, 2010, or other tax year beginning . . . 2010, ending . . . 20

OMB No. 1545-0074

Your first name and initial

Last name

Your social security number

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see page 14.

Apt. no.

▲ Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, see page 14.

Checking a box below will not change your tax or refund.

**Presidential Election Campaign**

▶ Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 14) ▶

☐ You ☐ Spouse**Filing Status**

Check only one box.

- 1 ☐ Single
- 2 ☐ Married filing jointly (even if only one had income)
- 3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶
- 4 ☐ Head of household (with qualifying person). (See page 15.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
- 5 ☐ Qualifying widow(er) with dependent child (see page 16)

**Exemptions**If more than four dependents, see page 17 and check here ▶ ☐

- 6a ☐ Yourself. If someone can claim you as a dependent, do not check box 6a . . . . .
- b ☐ Spouse . . . . .
- c **Dependents:**
- | (1) First name | Last name | (2) Dependent's social security number | (3) Dependent's relationship to you | (4) <input checked="" type="checkbox"/> If qualifying child for child tax credit (see page 17) |
|----------------|-----------|--|-------------------------------------|--|
|                |           |  |                                     | <input type="checkbox"/>   |
|                |           |  |                                     | <input type="checkbox"/>   |
|                |           |  |                                     | <input type="checkbox"/>   |
|                |           |  |                                     | <input type="checkbox"/>   |
- d Total number of exemptions claimed . . . . .

**Boxes checked on 6a and 6b**No. of children on 6c who:  
• lived with you  
• did not live with you due to divorce or separation (see page 18)

Dependents on 6c not entered above

Add numbers on lines above ▶ ☐**Income****Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.**

If you did not get a W-2, see page 22.

Enclose, but do not attach, any payment. Also, please use **Form 1040-V**.

- 7 Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . . **7**
- 8a **Taxable** interest. Attach Schedule B if required . . . . . **8a**
- b **Tax-exempt** interest. Do not include on line 8a . . . . . **8b**
- 9a Ordinary dividends. Attach Schedule B if required . . . . . **9a**
- b Qualified dividends (see page 22) . . . . . **9b**
- 10 Taxable refunds, credits, or offsets of state and local income taxes (see page 23) . . . . . **10**
- 11 Alimony received . . . . . **11**
- 12 Business income or (loss). Attach Schedule C or C-EZ . . . . . **12**
- 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐ **13**
- 14 Other gains or (losses). Attach Form 4797 . . . . . **14**
- 15a IRA distributions . . . . . **15a**
- b Taxable amount (see page 24) . . . . . **15b**
- 16a Pensions and annuities . . . . . **16a**
- b Taxable amount (see page 25) . . . . . **16b**
- 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E . . . . . **17**
- 18 Farm income or (loss). Attach Schedule F . . . . . **18**
- 19 Unemployment compensation (see page 27) . . . . . **19**
- 20a Social security benefits . . . . . **20a**
- b Taxable amount (see page 27) . . . . . **20b**
- 21 Other income. List type and amount (see page 29) . . . . . **21**
- 22 Combine the amounts in the far right column for lines 7 through 21. This is your **total income** ▶ **22**

**Adjusted Gross Income**

- 23 RESERVED (see page 29) . . . . . **23**
- 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ . . . . . **24**
- 25 Health savings account deduction. Attach Form 8889 . . . . . **25**
- 26 Moving expenses. Attach Form 3903 . . . . . **26**
- 27 One-half of self-employment tax. Attach Schedule SE . . . . . **27**
- 28 Self-employed SEP, SIMPLE, and qualified plans . . . . . **28**
- 29 Self-employed health insurance deduction (see page 30) . . . . . **29**
- 30 Penalty on early withdrawal of savings . . . . . **30**
- 31a Alimony paid b Recipient's SSN ▶ **31a**
- 32 IRA deduction (see page 31) . . . . . **32**
- 33 Student loan interest deduction (see page 34) . . . . . **33**
- 34 RESERVED (see page 35) . . . . . **34**
- 35 Domestic production activities deduction. Attach Form 8903 . . . . . **35**
- 36 Add lines 23 through 31a and 32 through 35 . . . . . **36**
- 37 Subtract line 36 from line 22. This is your **adjusted gross income** ▶ **37**

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 97.

Cat. No. 11320B

Form **1040** (2010)

**Tax and Credits**

<b>38</b>	Amount from line 37 (adjusted gross income)	<b>38</b>	
<b>39a</b>	Check <input type="checkbox"/> <b>You</b> were born before January 2, 1946, <input type="checkbox"/> <b>Blind.</b> <b>Total boxes</b> if: <input type="checkbox"/> <b>Spouse</b> was born before January 2, 1946, <input type="checkbox"/> <b>Blind.</b> <b>checked ▶ 39a</b>		
<b>b</b>	If your spouse itemizes on a separate return or you were a dual-status alien, see page 35 and check here ▶ <b>39b</b>		
<b>40</b>	<b>Itemized deductions</b> (from Schedule A) <b>or your standard deduction</b> (see page 35)	<b>40</b>	
<b>41</b>	Subtract line 40 from line 38	<b>41</b>	
<b>42</b>	<b>Exemptions.</b> Multiply \$3,650 by the number on line 6d	<b>42</b>	
<b>43</b>	<b>Taxable income.</b> Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	<b>43</b>	
<b>44</b>	<b>Tax</b> (see page 37). Check if any tax is from: <b>a</b> <input type="checkbox"/> Form(s) 8814 <b>b</b> <input type="checkbox"/> Form 4972	<b>44</b>	
<b>45</b>	<b>Alternative minimum tax</b> (see page 40). Attach Form 6251	<b>45</b>	
<b>46</b>	Add lines 44 and 45	<b>46</b>	
<b>47</b>	Foreign tax credit. Attach Form 1116 if required	<b>47</b>	
<b>48</b>	Credit for child and dependent care expenses. Attach Form 2441	<b>48</b>	
<b>49</b>	Education credits from Form 8863, line 23	<b>49</b>	
<b>50</b>	Retirement savings contributions credit. Attach Form 8880	<b>50</b>	
<b>51</b>	Child tax credit (see page 42)	<b>51</b>	
<b>52</b>	Residential energy credits. Attach Form 5695	<b>52</b>	
<b>53</b>	Other credits from Form: <b>a</b> <input type="checkbox"/> 3800 <b>b</b> <input type="checkbox"/> 8801 <b>c</b> <input type="checkbox"/>	<b>53</b>	
<b>54</b>	Add lines 47 through 53. These are your <b>total credits</b>	<b>54</b>	
<b>55</b>	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-	<b>55</b>	

**Other Taxes**

<b>56</b>	Self-employment tax. Attach Schedule SE	<b>56</b>	
<b>57</b>	Unreported social security and Medicare tax from Form: <b>a</b> <input type="checkbox"/> 4137 <b>b</b> <input type="checkbox"/> 8919	<b>57</b>	
<b>58</b>	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	<b>58</b>	
<b>59</b>	<b>a</b> <input type="checkbox"/> Form(s) W-2, box 9 <b>b</b> <input type="checkbox"/> Schedule H, line 27 <b>c</b> <input type="checkbox"/> Form 5405, line 16	<b>59</b>	
<b>60</b>	Add lines 55 through 59. This is your <b>total tax</b>	<b>60</b>	

**Payments**

<b>61</b>	Federal income tax withheld from Forms W-2 and 1099	<b>61</b>	
<b>62</b>	2010 estimated tax payments and amount applied from 2009 return	<b>62</b>	
<b>63</b>	Making work pay credit. Attach Schedule M	<b>63</b>	
<b>64a</b>	<b>Earned income credit (EIC)</b>	<b>64a</b>	
<b>b</b>	Nontaxable combat pay election <b>64b</b>		
<b>65</b>	Additional child tax credit. Attach Form 8812	<b>65</b>	
<b>66</b>	American opportunity credit from Form 8863, line 14	<b>66</b>	
<b>67</b>	First-time homebuyer credit from Form 5405, line 10	<b>67</b>	
<b>68</b>	Amount paid with request for extension to file (see page 72)	<b>68</b>	
<b>69</b>	Excess social security and tier 1 RRTA tax withheld (see page 72)	<b>69</b>	
<b>70</b>	Credit for federal tax on fuels. Attach Form 4136	<b>70</b>	
<b>71</b>	Credits from Form: <b>a</b> <input type="checkbox"/> 2439 <b>b</b> <input type="checkbox"/> 8839 <b>c</b> <input type="checkbox"/> 8801 <b>d</b> <input type="checkbox"/> 8885	<b>71</b>	
<b>72</b>	Add lines 61, 62, 63, 64a, and 65 through 71. These are your <b>total payments</b>	<b>72</b>	

**Refund**

Direct deposit?  
See page 73  
and fill in 74b,  
74c, and 74d,  
or Form 8888.

<b>73</b>	If line 72 is more than line 60, subtract line 60 from line 72. This is the amount you <b>overpaid</b>	<b>73</b>	
<b>74a</b>	Amount of line 73 you want <b>refunded to you</b> . If Form 8888 is attached, check here	<b>74a</b>	
<b>b</b>	Routing number	<b>c</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
<b>d</b>	Account number		
<b>75</b>	Amount of line 73 you want <b>applied to your 2011 estimated tax</b>	<b>75</b>	
<b>76</b>	<b>Amount you owe.</b> Subtract line 72 from line 60. For details on how to pay, see page 74	<b>76</b>	
<b>77</b>	Estimated tax penalty (see page 74)	<b>77</b>	

**Third Party Designee**

Do you want to allow another person to discuss this return with the IRS (see page 75)? ☐ **Yes.** Complete the following. ☐ **No**

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

**Sign Here**

Joint return?  
See page 15.  
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	Daytime phone number
Spouse's signature. If a joint return, <b>both</b> must sign.	Date	Spouse's occupation	

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	



**SCHEDULE A  
(Form 1040)**Department of the Treasury  
Internal Revenue Service (99)  
Name(s) shown on Form 1040**Itemized Deductions**

▶ Attach to Form 1040. ▶ See Instructions for Schedule A (Form 1040).

OMB No. 1545-0074

**2010**Attachment  
Sequence No. **07**Your social security number  
**000-00-0000**

<b>Medical and Dental Expenses</b>	<b>Caution.</b> Do not include expenses reimbursed or paid by others.			
	1 Medical and dental expenses (see page A-1)	1		
	2 Enter amount from Form 1040, line 38	2		
	3 Multiply line 2 by 7.5% (.075)	3		
	4 Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-		4	
<b>Taxes You Paid</b> (See page A-2.)	5 State and local income taxes	5		
	6 Real estate taxes (see page A-3)	6		
	7 New motor vehicle taxes from line 11 of the worksheet on back (for certain vehicles purchased in 2009)	7		
	8 Other taxes. List type and amount ▶	8		
	9 Add lines 5 through 8		9	
<b>Interest You Paid</b> (See page A-4.)  <b>Note.</b> Your mortgage interest deduction may be limited (see page A-4).	10 Home mortgage interest and points reported to you on Form 1098	10		
	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-4 and show that person's name, identifying no., and address ▶			
		11		
	12 Points not reported to you on Form 1098. See page A-4 for special rules	12		
	13 Mortgage insurance premiums (see page A-4)	13		
	14 Investment interest. Attach Form 4952 if required. (See page A-5.)	14		
	15 Add lines 10 through 14		15	
<b>Gifts to Charity</b>  If you made a gift and got a benefit for it, see page A-6.	16 Gifts by cash or check. If you made any gift of \$250 or more, see page A-6	16		
	17 Other than by cash or check. If any gift of \$250 or more, see page A-6. You must attach Form 8283 if over \$500	17		
	18 Carryover from prior year	18		
	19 Add lines 16 through 18		19	
<b>Casualty and Theft Losses</b>	20 Casualty or theft loss(es). Attach Form 4684. (See page A-7.)		20	
<b>Job Expenses and Certain Miscellaneous Deductions</b> (See page A-7.)	21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-7.) ▶	21		
	22 Tax preparation fees	22		
	23 Other expenses—investment, safe deposit box, etc. List type and amount ▶	23		
		24		
	24 Add lines 21 through 23		24	
	25 Enter amount from Form 1040, line 38	25		
	26 Multiply line 25 by 2% (.02)	26		
	27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-		27	
<b>Other Miscellaneous Deductions</b>	28 Other—from list on page A-8. List type and amount ▶		28	
<b>Total Itemized Deductions</b>	29 Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40		29	
	30 If you elect to itemize deductions even though they are less than your standard deduction, check here			

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 17145C

Schedule A (Form 1040) 2010

**Worksheet  
for Line 7—  
New motor  
vehicle  
taxes**

**Before you begin:** ✓ You cannot take this deduction if the amount on Form 1040, line 38, is equal to or greater than \$135,000 (\$260,000 if married filing jointly).  
 ✓ See the instructions for line 7 on page A-3.

Use this worksheet to figure the amount to enter on line 7.

(Attach to Form 1040.)

<b>1</b>	Enter the state and local sales and excise taxes you paid in 2010 for the purchase of any new motor vehicle(s) <b>after</b> February 16, 2009, and <b>before</b> January 1, 2010 (see page A-3).			
<b>2</b>	Enter the purchase price ( <b>before taxes</b> ) of the new motor vehicle(s)			
<b>3</b>	Is the amount on line 2 more than \$49,500? <input type="checkbox"/> <b>No.</b> Enter the amount from line 1. <input type="checkbox"/> <b>Yes.</b> Figure the <b>portion</b> of the tax from line 1 that is attributable to the first \$49,500 of the purchase price of each new motor vehicle and enter it here (see page A-3).			
<b>4</b>	Enter the amount from Form 1040, line 38			
<b>5</b>	Enter the total of any— • Amounts from Form 2555, lines 45 and 50; Form 2555-EZ, line 18; and Form 4563, line 15, and • Exclusion of income from Puerto Rico			
<b>6</b>	Add lines 4 and 5			
<b>7</b>	Enter \$125,000 (\$250,000 if married filing jointly)			
<b>8</b>	Is the amount on line 6 more than the amount on line 7? <input type="checkbox"/> <b>No.</b> Enter the amount from line 3 above on Schedule A, line 7. <b>Do not</b> complete the rest of this worksheet. <input type="checkbox"/> <b>Yes.</b> Subtract line 7 from line 6			
<b>9</b>	Divide the amount on line 8 by \$10,000. Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000			
<b>10</b>	Multiply line 3 by line 9			
<b>11</b>	<b>Deduction for new motor vehicle taxes.</b> Subtract line 10 from line 3. Enter the result here and on Schedule A, line 7			

Schedule A (Form 1040) 2010



## F-7

**SCHEDULE C-EZ  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)  
Name of proprietor

**Net Profit From Business**  
(Sole Proprietorship)

► Partnerships, joint ventures, etc., generally must file Form 1065 or 1065-B.  
► Attach to Form 1040, 1040NR, or 1041. ► See instructions on page 2.

OMB No. 1545-0074

**2010**  
Attachment  
Sequence No. **09A**

Social security number (SSN)

**Part I General Information**

**You May Use  
Schedule C-EZ  
Instead of  
Schedule C  
Only If You:**

- Had business expenses of \$5,000 or less.
- Use the cash method of accounting.
- Did not have an inventory at any time during the year.
- Did not have a net loss from your business.
- Had only one business as either a sole proprietor, qualified joint venture, or statutory employee.

**And You:**

- Had no employees during the year.
- Are not required to file **Form 4562**, Depreciation and Amortization, for this business. See the instructions for Schedule C, line 13, on page C-5 to find out if you must file.
- Do not deduct expenses for business use of your home.
- Do not have prior year unallowed passive activity losses from this business.

**A** Principal business or profession, including product or service

**B** Enter business code (see page 2)

**C** Business name. If no separate business name, leave blank.

**D** Enter your EIN (see page 2)

**E** Business address (including suite or room no.). Address not required if same as on page 1 of your tax return.

City, town or post office, state, and ZIP code

**Part II Figure Your Net Profit**

**1 Gross receipts. Caution.** See the instructions for Schedule C, line 1, on page C-4 and check the box if:

- This income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, or
- You are a member of a qualified joint venture reporting only rental real estate income not subject to self-employment tax.

☐ **1**

**2 Total expenses** (see page 2). If more than \$5,000, you **must** use Schedule C

**2**

**3 Net profit.** Subtract line 2 from line 1. If less than zero, you **must** use Schedule C. Enter on both **Form 1040, line 12, and Schedule SE, line 2, or on Form 1040NR, line 13.** (If you checked the box on line 1, **do not** report the amount from line 3 on Schedule SE, line 2.) Estates and trusts, enter on **Form 1041, line 3**

**3**

**Part III Information on Your Vehicle.** Complete this part **only** if you are claiming car or truck expenses on line 2.

**4** When did you place your vehicle in service for business purposes? (month, day, year) ►

**5** Of the total number of miles you drove your vehicle during 2010, enter the number of miles you used your vehicle for:

**a** Business **b** Commuting (see page 2) **c** Other

**6** Was your vehicle available for personal use during off-duty hours? ☐ **Yes** ☐ **No**

**7** Do you (or your spouse) have another vehicle available for personal use? ☐ **Yes** ☐ **No**

**8a** Do you have evidence to support your deduction? ☐ **Yes** ☐ **No**

**b** If "Yes," is the evidence written? ☐ **Yes** ☐ **No**

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

Cat. No. 14374D

Schedule C-EZ (Form 1040) 2010

Draft as of  
07/22/2010

**Optional Worksheet for Line 2** (keep a copy for your records)

<b>a</b>	Deductible meals and entertainment (see the instructions for Schedule C, line 24b, on page C-6)	<b>a</b>		
<b>b</b>		<b>b</b>		
<b>c</b>		<b>c</b>		
<b>d</b>		<b>d</b>		
<b>e</b>		<b>e</b>		
<b>f</b>		<b>f</b>		
<b>g</b>	<b>Total.</b> Add lines <b>a</b> through <b>f</b> . Enter here and on line 2	<b>g</b>		

Schedule C-EZ (Form 1040) 2010



**SCHEDULE C  
(Form 1040)**Department of the Treasury  
Internal Revenue Service (99)**Profit or Loss From Business**  
(Sole Proprietorship)Partnerships, joint ventures, etc., generally must file Form 1065 or 1065-B.  
Attach to Form 1040, 1040NR, or 1041. See Instructions for Schedule C (Form 1040).

OMB No. 1545-0074

**2010**Attachment  
Sequence No. **09**

Name of proprietor

Social security number (SSN)

**A** Principal business or profession, including product or service (see page C-2 of the instructions)**B** Enter code from pages C-9, 10, & 11**C** Business name, if no separate business name, leave blank.**D** Employer ID number (EIN), if any**E** Business address (including suite or room no.)

City, town or post office, state, and ZIP code

**F** Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify)**G** Did you "materially participate" in the operation of this business during 2010? If "No," see page C-3 for limit on losses ☐ Yes ☐ No**H** If you started or acquired this business during 2010, check here ☐**Part I Income****1** Gross receipts or sales. **Caution.** See page C-4 and check the box if:

• This income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, or

• You are a member of a qualified joint venture reporting only rental real estate income not subject to self-employment tax. Also see page C-3 for limit on losses.

**2** Returns and allowances**3** Subtract line 2 from line 1**4** Cost of goods sold (from line 42 on page 2)**5** **Gross profit.** Subtract line 4 from line 3**6** Other income, including federal and state gasoline or fuel tax credit or refund (see page C-4)**7** **Gross income.** Add lines 5 and 6**Part II Expenses.** Enter expenses for business use of your home **only** on line 30.**8** Advertising**9** Car and truck expenses (see page C-4)**10** Commissions and fees**11** Contract labor (see page C-4)**12** Depletion**13** Depreciation and section 179 expense deduction (not included in Part III) (see page C-5)**14** Employee benefit programs (other than on line 19)**15** Insurance (other than health)**16** Interest:**a** Mortgage (paid to banks, etc.)**b** Other**17** Legal and professional services**18** Office expense**19** Pension and profit-sharing plans**20** Rent or lease (see page C-6):**a** Vehicles, machinery, and equipment**b** Other business property**21** Repairs and maintenance**22** Supplies (not included in Part III)**23** Taxes and licenses**24** Travel, meals, and entertainment:**a** Travel**b** Deductible meals and entertainment (see page C-6)**25** Utilities**26** Wages (less employment credits)**27** Other expenses (from line 48 on page 2)**28** **Total expenses** before expenses for business use of home. Add lines 8 through 27**29** Tentative profit or (loss). Subtract line 28 from line 7**30** Expenses for business use of your home. Attach **Form 8829****31** **Net profit or (loss).** Subtract line 30 from line 29.• If a profit, enter on both **Form 1040, line 12**, and **Schedule SE, line 2**, or on **Form 1040NR, line 13** (if you checked the box on line 1, see page C-7). Estates and trusts, enter on **Form 1041, line 3**.• If a loss, you **must** go to line 32.**32** If you have a loss, check the box that describes your investment in this activity (see page C-7).• If you checked 32a, enter the loss on both **Form 1040, line 12**, and **Schedule SE, line 2**, or on **Form 1040NR, line 13** (if you checked the box on line 1, see the line 31 instructions on page C-7). Estates and trusts, enter on **Form 1041, line 3**.• If you checked 32b, you **must** attach **Form 6198**. Your loss may be limited.**32a** ☐ All investment is at risk.**32b** ☐ Some investment is not at risk.

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

Cat. No. 11334P

Schedule C (Form 1040) 2010



**Part III Cost of Goods Sold** (see page C-8)

33 Method(s) used to value closing inventory:    **a** ☐ Cost    **b** ☐ Lower of cost or market    **c** ☐ Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory?   
 If "Yes," attach explanation ☐ Yes    ☐ No

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35	
36 Purchases less cost of items withdrawn for personal use	36	
37 Cost of labor. Do not include any amounts paid to yourself	37	
38 Materials and supplies	38	
39 Other costs	39	
40 Add lines 35 through 39	40	
41 Inventory at end of year	41	
42 <b>Cost of goods sold.</b> Subtract line 41 from line 40. Enter the result here and on page 1, line 4	42	

**Part IV Information on Your Vehicle.** Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-5 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year)    ▶    /    /

44 Of the total number of miles you drove your vehicle during 2010, enter the number of miles you used your vehicle for:

**a** Business    **b** Commuting (see instructions)    **c** Other

45 Was your vehicle available for personal use during off-duty hours? ☐ Yes    ☐ No

46 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes    ☐ No

47a Do you have evidence to support your deduction? ☐ Yes    ☐ No

**b** If "Yes," is the evidence written? ☐ Yes    ☐ No

**Part V Other Expenses.** List below business expenses not included on lines 8-26 or line 30.

48 <b>Total other expenses.</b> Enter here and on page 1, line 27	48	

**SCHEDULE D  
(Form 1040)**Department of the Treasury  
Internal Revenue Service (99)

Name(s) shown on return

**Capital Gains and Losses**▶ Attach to Form 1040 or Form 1040NR. ▶ See instructions for Schedule D (Form 1040).  
▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 1545-0074

**2010**  
Attachment  
Sequence No. **12**

Your social security number

**Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less**

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-7 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2 . . . . .	2				
3 Total short-term sales price amounts. Add lines 1 and 2 in column (d) . . . . .	3				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824 . . . . .	4				
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1 . . . . .	5				
6 Short-term capital loss carryover. Enter the amount, if any, from line 10 of your <b>Capital Loss Carryover Worksheet</b> on page D-7 of the instructions . . . . .	6 ( )				
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f) . . . . .	7				

**Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year**

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-7 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
8					
9 Enter your long-term totals, if any, from Schedule D-1, line 9 . . . . .	9				
10 Total long-term sales price amounts. Add lines 8 and 9 in column (d) . . . . .	10				
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824 . . . . .	11				
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1 . . . . .	12				
13 Capital gain distributions. See page D-2 of the instructions . . . . .	13				
14 Long-term capital loss carryover. Enter the amount, if any, from line 15 of your <b>Capital Loss Carryover Worksheet</b> on page D-7 of the instructions . . . . .	14 ( )				
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on the back . . . . .	15				

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

Cat. No. 11338H

Schedule D (Form 1040) 2010

**Part III** Summary

16 Combine lines 7 and 15 and enter the result . . . . .	<b>16</b>	
<ul style="list-style-type: none"> <li>• If line 16 is a <b>gain</b>, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below.</li> <li>• If line 16 is a <b>loss</b>, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22.</li> <li>• If line 16 is <b>zero</b>, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22.</li> </ul>		
17 Are lines 15 and 16 <b>both</b> gains? <input type="checkbox"/> <b>Yes.</b> Go to line 18. <input type="checkbox"/> <b>No.</b> Skip lines 18 through 21, and go to line 22.		
18 Enter the amount, if any, from line 7 of the <b>28% Rate Gain Worksheet</b> on page D-8 of the instructions . . . . .	<b>18</b>	
19 Enter the amount, if any, from line 18 of the <b>Unrecaptured Section 1250 Gain Worksheet</b> on page D-9 of the instructions . . . . .	<b>19</b>	
20 Are lines 18 and 19 <b>both</b> zero or blank? <input type="checkbox"/> <b>Yes.</b> Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the <b>Qualified Dividends and Capital Gain Tax Worksheet</b> on page 39 of the Instructions for Form 1040 (or in the Instructions for Form 1040NR). <b>Do not</b> complete lines 21 and 22 below.  <input type="checkbox"/> <b>No.</b> Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the <b>Schedule D Tax Worksheet</b> on page D-10 of the instructions. <b>Do not</b> complete lines 21 and 22 below.		
21 If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the <b>smaller</b> of: <ul style="list-style-type: none"> <li>• The loss on line 16 or</li> <li>• (\$3,000), or if married filing separately, (\$1,500)</li> </ul>	<b>21</b>	( )
<b>Note.</b> When figuring which amount is smaller, treat both amounts as positive numbers.		
22 Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b?  <input type="checkbox"/> <b>Yes.</b> Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the <b>Qualified Dividends and Capital Gain Tax Worksheet</b> on page 39 of the Instructions for Form 1040 (or in the Instructions for Form 1040NR). <input type="checkbox"/> <b>No.</b> Complete the rest of Form 1040 or Form 1040NR.		

Schedule D (Form 1040) 2010



**SCHEDULE E**  
**(Form 1040)**Department of the Treasury  
Internal Revenue Service (99)  
Name(s) shown on return**Supplemental Income and Loss**(From rental real estate, royalties, partnerships,  
S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040, 1040NR, or Form 1041. ▶ See Instructions for Schedule E (Form 1040).

OMB No. 1545-0074

**2010**Attachment  
Sequence No. **13**

Your social security number

**Part I** **Income or Loss From Rental Real Estate and Royalties** **Note.** If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

1 List the type and address of each rental real estate property:		2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of: • 14 days or • 10% of the total days rented at fair rental value? (See page E-3)		Yes	No
A		A			
B		B			
C		C			
<b>Income:</b>		<b>Properties</b>			<b>Totals</b> (Add columns A, B, and C.)
		<b>A</b>	<b>B</b>	<b>C</b>	
3 Rents received	3				3
4 Royalties received	4				4
<b>Expenses:</b>					
5 Advertising	5				
6 Auto and travel (see page E-4)	6				
7 Cleaning and maintenance	7				
8 Commissions	8				
9 Insurance	9				
10 Legal and other professional fees	10				
11 Management fees	11				
12 Mortgage interest paid to banks, etc. (see page E-5)	12				12
13 Other interest	13				
14 Repairs	14				
15 Supplies	15				
16 Taxes	16				
17 Utilities	17				
18 Other (list) ▶	18				
19 Add lines 5 through 18	19				19
20 Depreciation expense or depletion (see page E-5)	20				20
21 Total expenses. Add lines 19 and 20	21				
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-5 to find out if you must file Form 6198	22				
23 Deductible rental real estate loss. <b>Caution.</b> Your rental real estate loss on line 22 may be limited. See page E-5 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2	23				
24 <b>Income.</b> Add positive amounts shown on line 22. <b>Do not</b> include any losses	24				
25 <b>Losses.</b> Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here	25				
26 <b>Total rental real estate and royalty income or (loss).</b> Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26				

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

Cat. No. 11344L

Schedule E (Form 1040) 2010



Name(s) shown on return. Do not enter name and social security number if shown on other side.

Your social security number

**Caution.** The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.**Part II Income or Loss From Partnerships and S Corporations** **Note.** If you report a loss from an at-risk activity for which any amount is **not** at risk, you **must** check the box in column (e) on line 28 and attach **Form 6198**. See page E-1.

27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see page E-7 before completing this section. ☐ Yes ☐ No

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A			<input type="checkbox"/>		<input type="checkbox"/>
B			<input type="checkbox"/>		<input type="checkbox"/>
C			<input type="checkbox"/>		<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>

Passive Income and Loss			Nonpassive Income and Loss		
(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1	
A					
B					
C					
D					
29a Totals					
b Totals					
30 Add columns (g) and (j) of line 29a					30
31 Add columns (f), (h), and (i) of line 29b					31
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below					32

**Part III Income or Loss From Estates and Trusts**

33	(a) Name	(b) Employer identification number
A		
B		

Passive Income and Loss			Nonpassive Income and Loss		
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1		
A					
B					
34a Totals					
b Totals					
35 Add columns (d) and (f) of line 34a					35
36 Add columns (c) and (e) of line 34b					36
37 Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below					37

**Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)—Residual Holder**

38	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see page E-8)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
39	Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below				39

**Part V Summary**

40	Net farm rental income or (loss) from Form 4835. Also, complete line 42 below	40
41	Total income or (loss). Combine lines 28, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17, or Form 1040NR, line 18	41
42	Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code U; and Schedule K-1 (Form 1041), line 14, code F (see page E-8)	42
43	Reconciliation for real estate professionals. If you were a real estate professional (see page E-2), enter the net income or (loss) you reported anywhere on Form 1040 or Form 1040NR from all rental real estate activities in which you materially participated under the passive activity loss rules	43

**SCHEDULE EIC**  
(Form 1040A or 1040)

Department of the Treasury  
Internal Revenue Service (99)  
Name(s) shown on return

**Earned Income Credit**

**Qualifying Child Information**

Complete and attach to Form 1040A or 1040  
only if you have a qualifying child.



OMB No. 1545-0074

**2010**

Attachment  
Sequence No. **43**

Your social security number

**Before you begin:**

- See the instructions for Form 1040A, lines 41a and 41b, or Form 1040, lines 64a and 64b, to make sure that (a) you can take the EIC, and (b) you have a qualifying child.
- Be sure the child's name on line 1 and social security number (SSN) on line 2 agree with the child's social security card. Otherwise, at the time we process your return, we may reduce or disallow your EIC. If the name or SSN on the child's social security card is not correct, call the Social Security Administration at 1-800-772-1213.



- If you take the EIC even though you are not eligible, you may not be allowed to take the credit for up to 10 years. See back of schedule for details.
- It will take us longer to process your return and issue your refund if you do not fill in all lines that apply for each qualifying child.

**Qualifying Child Information**

**Child 1**

**Child 2**

**Child 3**

	First name	Last name	First name	Last name	First name	Last name
<b>1 Child's name</b> If you have more than three qualifying children, you only have to list three to get the maximum credit.						
<b>2 Child's SSN</b> The child must have an SSN as defined on page 45 of the Form 1040A instructions or page 51 of the Form 1040 instructions unless the child was born and died in 2010. If your child was born and died in 2010 and did not have an SSN, enter "Died" on this line and attach a copy of the child's birth certificate, death certificate, or hospital medical records.						
<b>3 Child's year of birth</b>	Year _____ <small>If born after 1991 and the child was younger than you (or your spouse), if filing jointly, skip lines 4 and 4b; go to line 5.</small>		Year _____ <small>If born after 1991 and the child was younger than you (or your spouse), if filing jointly, skip lines 4 and 4b; go to line 5.</small>		Year _____ <small>If born after 1991 and the child was younger than you (or your spouse), if filing jointly, skip lines 4 and 4b; go to line 5.</small>	
<b>4 a</b> Was the child under age 24 at the end of 2010, a student, and younger than you (or your spouse, if filing jointly)?	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Go to line 3. Continue.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Go to line 5. Continue.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Go to line 5. Continue.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Go to line 5. Continue.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Go to line 5. Continue.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Go to line 5. Continue.</i>
<b>b</b> Was the child permanently and totally disabled during any part of 2010?	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Continue. The child is not a qualifying child.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Continue. The child is not a qualifying child.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Continue. The child is not a qualifying child.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Continue. The child is not a qualifying child.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Continue. The child is not a qualifying child.</i>	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <i>Continue. The child is not a qualifying child.</i>
<b>5 Child's relationship to you</b> (For example, son, daughter, grandchild, niece, nephew, foster child, etc.)						
<b>6 Number of months child lived with you in the United States during 2010</b>  • If the child lived with you for more than half of 2010 but less than 7 months, enter "7." • If the child was born or died in 2010 and your home was the child's home for the entire time he or she was alive during 2010, enter "12."	_____ months <i>Do not enter more than 12 months.</i>		_____ months <i>Do not enter more than 12 months.</i>		_____ months <i>Do not enter more than 12 months.</i>	

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

Cat. No. 13339M

Schedule EIC (Form 1040A or 1040) 2010



**SCHEDULE M**  
**(Form 1040A or 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Making Work Pay Credit**

▶ Attach to Form 1040A or 1040.

▶ See separate instructions.

OMB No. 1545-0074

**2010**

Attachment  
Sequence No. **166**

Name(s) shown on return

Your social security number



To take the making work pay credit, you must include your social security number (if filing a joint return, the number of either you or your spouse) on your tax return. A social security number does not include an identification number issued by the IRS. Only the Social Security Administration issues social security numbers.



You cannot take the making work pay credit if you can be claimed as someone else's dependent or if you are a nonresident alien.

**Important:** Check the "No" box on line 1a and see the instructions if:

- (a) You have a net loss from a business.
- (b) You received a taxable scholarship or fellowship grant not reported on a Form W-2.
- (c) Your wages include pay for work performed while an inmate in a penal institution.
- (d) You received a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan, or
- (e) You are filing Form 2555 or 2555-EZ.

**1a** Do you (and your spouse if filing jointly) have 2010 wages of more than \$6,451 (\$12,903 if married filing jointly)?

- ☐ **Yes.** Skip lines 1a through 3. Enter \$400 (\$800 if married filing jointly) on line 4 and go to line 5.
- ☐ **No.** Enter your earned income (see instructions) . . . . . **1a**

**b** Nontaxable combat pay included on line 1a  
(see instructions) . . . . . **1b**

**2** Multiply line 1a by 6.2% (.062) . . . . . **2**

**3** Enter \$400 (\$800 if married filing jointly) . . . . . **3**

**4** Enter the **smaller** of line 2 or line 3 (unless you checked "Yes" on line 1a) . . . . . **4**

**5** Enter the amount from Form 1040, line 38\*, or Form 1040A, line 22 . . . . . **5**

**6** Enter \$75,000 (\$150,000 if married filing jointly) . . . . . **6**

**7** Is the amount on line 5 more than the amount on line 6?

- ☐ **No.** Skip line 8. Enter the amount from line 4 on line 9 below.
- ☐ **Yes.** Subtract line 6 from line 5 . . . . . **7**

**8** Multiply line 7 by 2% (.02) . . . . . **8**

**9** Subtract line 8 from line 4. If zero or less, enter -0- . . . . . **9**

**10** Did you (or your spouse, if filing jointly) receive an economic recovery payment in **2010**? You may have received this payment in 2010 if you did not receive an economic recovery payment in 2009 but you received social security benefits, supplemental security income, railroad retirement benefits, or veterans disability compensation or pension benefits in November 2008, December 2008, or January 2009 (see instructions).

- ☐ **No.** Enter -0- on line 10 and go to line 11.
- ☐ **Yes.** Enter the total of the payments you (and your spouse, if filing jointly) received in **2010**. Do not enter more than \$250 (\$500 if married filing jointly) . . . . . **10**

**11 Making work pay credit.** Subtract line 10 from line 9. If zero or less, enter -0-. Enter the result here and on Form 1040, line 63; or Form 1040A, line 40 . . . . . **11**

\*If you are filing Form 2555, 2555-EZ, or 4563 or you are excluding income from Puerto Rico, see instructions.

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

Cat. No. 52903Q

Schedule M (Form 1040A or 1040) 2010

# Earned Income Worksheet — Line 1a

Keep for Your Records



## Before you begin:

- ✓ If you are claiming the additional child tax credit and have already completed Form 8812, enter on line 1a of Schedule M the amount from line 4a of your Form 8812. **Do not** complete the worksheet below.
- ✓ Disregard community property laws when figuring the amounts to enter on this worksheet.
- ✓ If married filing jointly, add your spouse's amounts to yours when completing this worksheet.

1. a. Enter the amount from line 7 of Form 1040A or Form 1040 ..... 1a. \_\_\_\_\_
- b. Enter the amount of any nontaxable combat pay received. Also enter this amount on Schedule M, line 1b. This amount should be shown in Form(s) W-2, box 12, with code Q. .... 1b. \_\_\_\_\_  
**Next**, if you are filing Schedule C, C-EZ, F, or SE, or you received a Schedule K-1 (Form 1065 or Form 1065-B), go to line 2a. Otherwise, skip lines 2a through 2e and go to line 3.
2. a. Enter any statutory employee income reported on line 1 of Schedule C or C-EZ ..... 2a. \_\_\_\_\_
- b. Enter any net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. \* Reduce this amount by any partnership section 179 expense deduction, any depletion on oil and gas properties, and any unreimbursed nonfarm partnership expenses deducted on Schedule E. **Do not** include any statutory employee income or any other amounts exempt from self-employment tax. Options and commodities dealers must add any gain or subtract any loss (in the normal course of dealing in or trading section 1256 contracts) from section 1256 contracts or related property .... 2b. \_\_\_\_\_
- c. Enter any net farm profit or (loss) from Schedule F, line 36, and from farm partnerships, Schedule K-1 (Form 1065), box 14, code A. \* Reduce this amount by any partnership section 179 expense deduction, any depletion on oil and gas properties, and any unreimbursed farm partnership expenses deducted on Schedule E. **Do not** include any amount exempt from self-employment tax ..... 2c. \_\_\_\_\_
- d. If you used the farm optional method to figure net earnings from self-employment, enter the amount from Schedule SE, Section B, line 15. Otherwise, skip this line and enter on line 2e the amount from line 2c ..... 2d. \_\_\_\_\_
- e. If line 2c is a profit, enter the **smaller** of line 2c or line 2d. If line 2c is a (loss), enter the (loss) from line 2c. .... 2e. \_\_\_\_\_
3. Combine lines 1a, 1b, 2a, 2b, and 2e. If zero or less, **stop**. Do not complete the rest of this worksheet. You **do not** qualify for the making work pay credit ..... 3. \_\_\_\_\_
4. Enter any amount included on line 1a that is:
  - a. A scholarship or fellowship grant not reported on Form W-2 ..... 4a. \_\_\_\_\_
  - b. For work done while an inmate in a penal institution (enter "PRI" and this amount on the dotted line next to line 7 of Form 1040A or 1040) ..... 4b. \_\_\_\_\_
  - c. A pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (enter "DFC" and this amount on the dotted line next to line 7 of Form 1040A or 1040). This amount may be shown in box 11 of your Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity ..... 4c. \_\_\_\_\_
5. a. Enter any amount included on line 3 that is also included on Form 2555, line 43, or Form 2555-EZ, line 18. **Do not** include any amount that is also included on line 4a, 4b, or 4c above ..... 5a. \_\_\_\_\_
- b. Enter the portion, if any, of the amount from Form 2555, line 44, that you also included on Schedule E in partnership net income or (loss) or deducted on: Form 1040, line 27; Schedule C; Schedule C-EZ; or Schedule F. .... 5b. \_\_\_\_\_
- c. Subtract line 5b from line 5a ..... 5c. \_\_\_\_\_
6. Enter the amount from Form 1040, line 27 ..... 6. \_\_\_\_\_
7. Add lines 4a through 4c, 5c, and 6 ..... 7. \_\_\_\_\_
8. Subtract line 7 from line 3. Enter the result here and on Schedule M, line 1a ..... 8. \_\_\_\_\_

\*If you have any Schedule K-1 amounts and you are not required to file Schedule SE, complete the appropriate line(s) of Schedule SE, Section A. Put your name and social security number on Schedule SE and attach it to your return.

M-2



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**SCHEDULE SE**  
**(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Self-Employment Tax**

▶ **Attach to Form 1040 or Form 1040NR.**

▶ **See Instructions for Schedule SE (Form 1040).**

OMB No. 1545-0074

**2010**

Attachment  
Sequence No. **17**

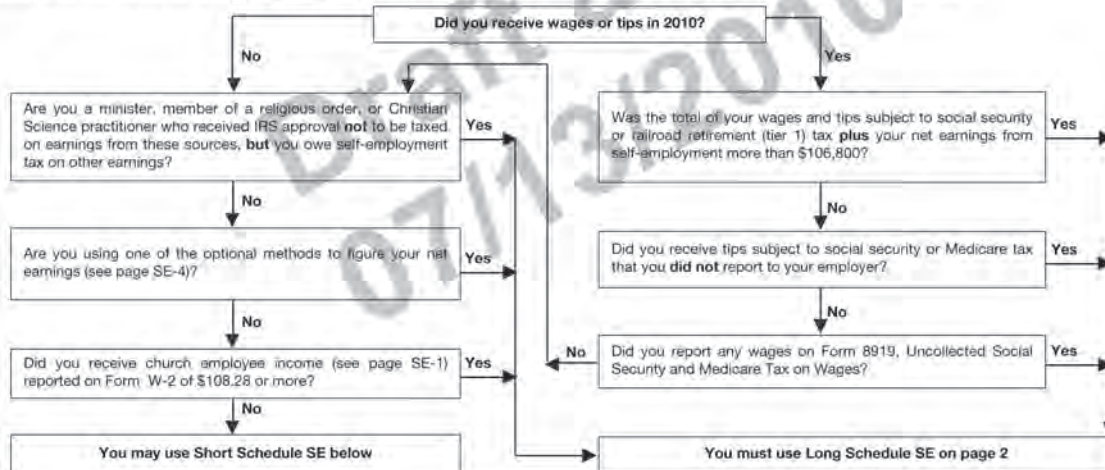
Name of person with self-employment income (as shown on Form 1040)

Social security number of person  
with self-employment income ▶

**Before you begin:** To determine if you must file Schedule SE, see the instructions on page SE-1.

**May I Use Short Schedule SE or Must I Use Long Schedule SE?**

**Note.** Use this flowchart **only** if you must file Schedule SE. If unsure, see *Who Must File Schedule SE*, on page SE-1.



**Section A—Short Schedule SE.** **Caution.** Read above to see if you can use Short Schedule SE.

<b>1a</b> Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A . . . . .	<b>1a</b>	
<b>b</b> If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 6b, or listed on Schedule K-1 (Form 1065), box 20, code Y . . . . .	<b>1b</b>	( )
<b>2</b> Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see page SE-1 for types of income to report on this line. See page SE-3 for other income to report . . . . .	<b>2</b>	
<b>3</b> Combine lines 1a, 1b, and 2 . . . . .	<b>3</b>	
<b>4</b> <b>Net earnings from self-employment.</b> Multiply line 3 by 92.35% (.9235). If less than \$400, do not complete this schedule; you do not owe self-employment tax . . . . . ▶ <b>Note.</b> If line 4 is less than \$400 due to Conservation Reserve Program payments on line 1b, see page SE-3.	<b>4</b>	
<b>5</b> <b>Self-employment tax.</b> If the amount on line 4 is: • \$106,800 or less, multiply line 4 by 15.3% (.153). Enter the result here and on <b>Form 1040, line 56, or Form 1040NR, line 54</b> • More than \$106,800, multiply line 4 by 2.9% (.029). Then, add \$13,243.20 to the result. Enter the total here and on <b>Form 1040, line 56, or Form 1040NR, line 54</b> . . . . .	<b>5</b>	
<b>6</b> <b>Deduction for one-half of self-employment tax.</b> Multiply line 5 by 50% (.50). Enter the result here and on <b>Form 1040, line 27, or Form 1040NR, line 27</b> . . . . .	<b>6</b>	

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

Cat. No. 11358Z

Schedule SE (Form 1040) 2010

Name of person with **self-employment** income (as shown on Form 1040)Social security number of person  
with **self-employment** income ▶**Section B—Long Schedule SE****Part I Self-Employment Tax**

**Note.** If your only income subject to self-employment tax is **church employee income**, see page SE-3 for specific instructions. Also see page SE-1 for the definition of church employee income.

<p><b>A</b> If you are a minister, member of a religious order, or Christian Science practitioner <b>and</b> you filed Form 4361, but you had \$400 or more of <b>other</b> net earnings from self-employment, check here and continue with Part I . . . . . <input type="checkbox"/></p>			
<b>1a</b>	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A. <b>Note.</b> Skip lines 1a and 1b if you use the farm optional method (see page SE-4)	<b>1a</b>	
<b>b</b>	If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 6b, or listed on Schedule K-1 (Form 1065), box 20, code Y	<b>1b</b>	( )
<b>2</b>	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see page SE-1 for types of income to report on this line. See page SE-3 for other income to report. <b>Note.</b> Skip this line if you use the nonfarm optional method (see page SE-4)	<b>2</b>	
<b>3</b>	Combine lines 1a, 1b, and 2	<b>3</b>	
<b>4a</b>	If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3. <b>Note.</b> If line 4a is less than \$400 due to Conservation Reserve Program payments on line 1b, see page SE-3.	<b>4a</b>	
<b>b</b>	If you elect one or both of the optional methods, enter the total of lines 15 and 17 here	<b>4b</b>	
<b>c</b>	Combine lines 4a and 4b. If less than \$400, <b>stop</b> ; you do not owe self-employment tax. <b>Exception.</b> If less than \$400 and you had <b>church employee income</b> , enter -0- and continue ▶	<b>4c</b>	
<b>5a</b>	Enter your <b>church employee income</b> from Form W-2. See page SE-1 for definition of church employee income.	<b>5a</b>	
<b>b</b>	Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-	<b>5b</b>	
<b>6</b>	<b>Net earnings from self-employment.</b> Add lines 4c and 5b	<b>6</b>	
<b>7</b>	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2010	<b>7</b>	106,800 00
<b>8a</b>	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$106,800 or more, skip lines 8b through 10, and go to line 11	<b>8a</b>	
<b>b</b>	Unreported tips subject to social security tax (from Form 4137, line 10)	<b>8b</b>	
<b>c</b>	Wages subject to social security tax (from Form 8919, line 10)	<b>8c</b>	
<b>d</b>	Add lines 8a, 8b, and 8c	<b>8d</b>	
<b>9</b>	Subtract line 8d from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 ▶	<b>9</b>	
<b>10</b>	Multiply the <b>smaller</b> of line 6 or line 9 by 12.4% (.124)	<b>10</b>	
<b>11</b>	Multiply line 6 by 2.9% (.029)	<b>11</b>	
<b>12</b>	<b>Self-employment tax.</b> Add lines 10 and 11. Enter here and on Form 1040, line 56, or Form 1040NR, line 54	<b>12</b>	
<b>13</b>	<b>Deduction for one-half of self-employment tax.</b> Multiply line 12 by 50% (.50). Enter the result here and on Form 1040, line 27, or Form 1040NR, line 27	<b>13</b>	

**Part II Optional Methods To Figure Net Earnings** (see page SE-4)

<p><b>Farm Optional Method.</b> You may use this method <b>only</b> if (a) your gross farm income<sup>1</sup> was not more than \$6,720, <b>or</b> (b) your net farm profits<sup>2</sup> were less than \$4,851.</p>			
<b>14</b>	Maximum income for optional methods	<b>14</b>	4,480 00
<b>15</b>	Enter the <b>smaller</b> of: two-thirds ( $\frac{2}{3}$ ) of gross farm income <sup>1</sup> (not less than zero) <b>or</b> \$4,480. Also include this amount on line 4b above	<b>15</b>	
<p><b>Nonfarm Optional Method.</b> You may use this method <b>only</b> if (a) your net nonfarm profits<sup>3</sup> were less than \$4,851 and also less than 72.189% of your gross nonfarm income,<sup>4</sup> <b>and</b> (b) you had net earnings from self-employment of at least \$400 in 2 of the prior 3 years. <b>Caution.</b> You may use this method no more than five times.</p>			
<b>16</b>	Subtract line 15 from line 14	<b>16</b>	
<b>17</b>	Enter the <b>smaller</b> of: two-thirds ( $\frac{2}{3}$ ) of gross nonfarm income <sup>4</sup> (not less than zero) <b>or</b> the amount on line 16. Also include this amount on line 4b above	<b>17</b>	

<sup>1</sup> From Sch. F, line 11, and Sch. K-1 (Form 1065), box 14, code B.<sup>2</sup> From Sch. F, line 36, and Sch. K-1 (Form 1065), box 14, code A—minus the amount you would have entered on line 1b had you not used the optional method.<sup>3</sup> From Sch. C, line 31; Sch. C-EZ, line 3; Sch. K-1 (Form 1065), box 14, code A; and Sch. K-1 (Form 1065-B), box 9, code J1.<sup>4</sup> From Sch. C, line 7; Sch. C-EZ, line 1; Sch. K-1 (Form 1065), box 14, code C; and Sch. K-1 (Form 1065-B), box 9, code J2.



Form **1116**Department of the Treasury  
Internal Revenue Service (99)  
Name**Foreign Tax Credit**(Individual, Estate, or Trust)  
▶ Attach to Form 1040, 1040NR, 1041, or 990-T.  
▶ See separate instructions.

OMB No. 1545-0121

**2010**  
Attachment  
Sequence No. **19**

Identifying number as shown on page 1 of your tax return

Use a separate Form 1116 for each category of income listed below. See **Categories of Income** beginning on page 3 of the instructions. Check only one box on each Form 1116. Report all amounts in U.S. dollars except where specified in Part II below.

- a** ☐ Passive category income      **c** ☐ Section 901(j) income      **e** ☐ Lump-sum distributions  
**b** ☐ General category income      **d** ☐ Certain income re-sourced by treaty

**f** Resident of (name of country) ▶**Note:** If you paid taxes to only one foreign country or U.S. possession, use column A in Part I and line A in Part II. If you paid taxes to more than one foreign country or U.S. possession, use a separate column and line for each country or possession.**Part I Taxable Income or Loss From Sources Outside the United States (for Category Checked Above)**

	Foreign Country or U.S. Possession			Total (Add cols. A, B, and C.)
	A	B	C	
<b>g</b> Enter the name of the foreign country or U.S. possession . . . . . ▶				
<b>1a</b> Gross income from sources within country shown above and of the type checked above (see page 13 of the instructions): . . . . .				<b>1a</b>
<b>b</b> Check if line 1a is compensation for personal services as an employee, your total compensation from all sources is \$250,000 or more, and you used an alternative basis to determine its source (see instructions) . . . . . ▶ <input type="checkbox"/>				
<b>Deductions and losses (Caution: See pages 13 and 14 of the instructions):</b>				
<b>2</b> Expenses definitely related to the income on line 1a (attach statement) . . . . .				
<b>3</b> Pro rata share of other deductions not definitely related:				
<b>a</b> Certain itemized deductions or standard deduction (see instructions) . . . . .				
<b>b</b> Other deductions (attach statement) . . . . .				
<b>c</b> Add lines 3a and 3b . . . . .				
<b>d</b> Gross foreign source income (see instructions) . . . . .				
<b>e</b> Gross income from all sources (see instructions) . . . . .				
<b>f</b> Divide line 3d by line 3e (see instructions) . . . . .				
<b>g</b> Multiply line 3c by line 3f . . . . .				
<b>4</b> Pro rata share of interest expense (see instructions):				
<b>a</b> Home mortgage interest (use worksheet on page 14 of the instructions) . . . . .				
<b>b</b> Other interest expense . . . . .				
<b>5</b> Losses from foreign sources . . . . .				
<b>6</b> Add lines 2, 3g, 4a, 4b, and 5 . . . . .				<b>6</b>
<b>7</b> Subtract line 6 from line 1a. Enter the result here and on line 14, page 2 . . . . . ▶				<b>7</b>

**Part II Foreign Taxes Paid or Accrued** (see page 14 of the instructions)

Country	Credit is claimed for taxes (you must check one) (h) <input type="checkbox"/> Paid (i) <input type="checkbox"/> Accrued	Foreign taxes paid or accrued							
		In foreign currency			In U.S. dollars				
		Taxes withheld at source on:			Taxes withheld at source on:			(r) Other foreign taxes paid or accrued	(s) Total foreign taxes paid or accrued (add cols. (o) through (r))
		(j) Date paid or accrued	(k) Dividends	(l) Rents and royalties	(m) Interest	(n) Other foreign taxes paid or accrued	(o) Dividends		
A									
B									
C									
<b>8</b> Add lines A through C, column (s). Enter the total here and on line 9, page 2 . . . . . ▶									<b>8</b>

For Paperwork Reduction Act Notice, see page 19 of the instructions.

Cat. No. 11440U

Form **1116** (2010)

**Part III Figuring the Credit**

<b>9</b>	Enter the amount from line 8. These are your total foreign taxes paid or accrued for the category of income checked above Part I . . . . .	<b>9</b>	
<b>10</b>	Carryback or carryover (attach detailed computation) . . . . .	<b>10</b>	
<b>11</b>	Add lines 9 and 10 . . . . .	<b>11</b>	
<b>12</b>	Reduction in foreign taxes (see pages 15 and 16 of the instructions) . . . . .	<b>12</b>	
<b>13</b>	Subtract line 12 from line 11. This is the total amount of foreign taxes available for credit (see instructions) . . . . .	<b>13</b>	
<b>14</b>	Enter the amount from line 7. This is your taxable income or (loss) from sources outside the United States (before adjustments) for the category of income checked above Part I (see page 16 of the instructions) . . . . .	<b>14</b>	
<b>15</b>	Adjustments to line 14 (see pages 16 and 17 of the instructions) . . . . .	<b>15</b>	
<b>16</b>	Combine the amounts on lines 14 and 15. This is your net foreign source taxable income. (If the result is zero or less, you have no foreign tax credit for the category of income you checked above Part I. Skip lines 17 through 21. However, if you are filing more than one Form 1116, you must complete line 19.) . . . . .	<b>16</b>	
<b>17</b>	<b>Individuals:</b> Enter the amount from Form 1040, line 41, or Form 1040NR, line 39. <b>Estates and trusts:</b> Enter your taxable income without the deduction for your exemption . . . . .	<b>17</b>	
<b>Caution:</b> If you figured your tax using the lower rates on qualified dividends or capital gains, see page 17 of the instructions.			
<b>18</b>	Divide line 16 by line 17. If line 16 is more than line 17, enter "1" . . . . .	<b>18</b>	
<b>19</b>	<b>Individuals:</b> See Instructions <b>Estates and trusts:</b> Enter the amount from Form 1041, Schedule G, line 1a, or the total of Form 990-T, lines 36 and 37 . . . . .	<b>19</b>	
<b>Caution:</b> If you are completing line 19 for separate category e (lump-sum distributions), see page 19 of the instructions.			
<b>20</b>	Multiply line 19 by line 18 (maximum amount of credit) . . . . .	<b>20</b>	
<b>21</b>	Enter the <b>smaller</b> of line 13 or line 20. If this is the only Form 1116 you are filing, skip lines 22 through 26 and enter this amount on line 27. Otherwise, complete the appropriate line in Part IV (see page 19 of the instructions) . . . . .	<b>21</b>	

**Part IV Summary of Credits From Separate Parts III** (see page 19 of the instructions)

<b>22</b>	Credit for taxes on passive category income . . . . .	<b>22</b>	
<b>23</b>	Credit for taxes on general category income . . . . .	<b>23</b>	
<b>24</b>	Credit for taxes on certain income re-sourced by treaty . . . . .	<b>24</b>	
<b>25</b>	Credit for taxes on lump-sum distributions . . . . .	<b>25</b>	
<b>26</b>	Add lines 22 through 25 . . . . .	<b>26</b>	
<b>27</b>	Enter the <b>smaller</b> of line 19 or line 26 . . . . .	<b>27</b>	
<b>28</b>	Reduction of credit for international boycott operations. See instructions for line 12 beginning on page 15 . . . . .	<b>28</b>	
<b>29</b>	Subtract line 28 from line 27. This is your <b>foreign tax credit</b> . Enter here and on Form 1040, line 47; Form 1040NR, line 45; Form 1041, Schedule G, line 2a; or Form 990-T, line 40a . . . . .	<b>29</b>	



**Unreimbursed Employee Business Expenses**

▶ Attach to Form 1040 or Form 1040NR.

Occupation in which you incurred expenses

Social security number

**You Can Use This Form Only if All of the Following Apply.**

- You are an employee deducting ordinary and necessary expenses attributable to your job. An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.
- You **do not** get reimbursed by your employer for any expenses (amounts your employer included in box 1 of your Form W-2 are not considered reimbursements for this purpose).
- If you are claiming vehicle expense, you are using the standard mileage rate for 2010.

**Caution:** You can use the standard mileage rate for 2010 **only if:** (a) you owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, **or** (b) you leased the vehicle and used the standard mileage rate for the portion of the lease period after 1997.

**Part I Figure Your Expenses**

- |   |   |   |  |  |
|---|---|---|--|--|
| 1 | Vehicle expense using the standard mileage rate. Complete Part II and multiply line 8a by 50¢ (.50)   | 1 |  |  |
| 2 | Parking fees, tolls, and transportation, including train, bus, etc., that <b>did not</b> involve overnight travel or commuting to and from work   | 2 |  |  |
| 3 | Travel expense while away from home overnight, including lodging, airplane, car rental, etc. <b>Do not</b> include meals and entertainment  | 3 |  |  |
| 4 | Business expenses not included on lines 1 through 3. <b>Do not</b> include meals and entertainment  | 4 |  |  |
| 5 | Meals and entertainment expenses: \$ _____ × 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 80% (.80) instead of 50%. For details, see instructions.)   | 5 |  |  |
| 6 | <b>Total expenses.</b> Add lines 1 through 5. Enter here and on <b>Schedule A (Form 1040), line 21</b> (or on <b>Schedule A (Form 1040NR), line 9</b> ). (Armed Forces reservists, fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter this amount.) | 6 |  |  |

**Part II Information on Your Vehicle.** Complete this part **only** if you are claiming vehicle expense on line 1.

- 7 When did you place your vehicle in service for business use? (month, day, year) ▶ \_\_\_\_/\_\_\_\_/\_\_\_\_
- 8 Of the total number of miles you drove your vehicle during 2010, enter the number of miles you used your vehicle for:
- a Business \_\_\_\_\_ b Commuting (see instructions) \_\_\_\_\_ c Other \_\_\_\_\_
- 9 Was your vehicle available for personal use during off-duty hours? ☐ Yes ☐ No
- 10 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☐ No
- 11a Do you have evidence to support your deduction? ☐ Yes ☐ No
- b If "Yes," is the evidence written? ☐ Yes ☐ No

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

Cat. No. 20604Q

Form **2106-EZ** (2010)

**Child and Dependent Care Expenses**Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040, Form 1040A, or Form 1040NR.

▶ See separate instructions.



OMB No. 1545-0074

**2010**Attachment  
Sequence No. **21**

Name(s) shown on return

Your social security number

**Part I** **Persons or Organizations Who Provided the Care—You must complete this part.**  
(If you have more than two care providers, see the instructions.)

1 (a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)

Did you receive  
dependent care benefits?

No

Yes

Complete only Part II below.

Complete Part III on the back next.

**Caution.** If the care was provided in your home, you may owe employment taxes. If you do, you cannot file Form 1040A. For details, see the instructions for Form 1040, line 59, or Form 1040NR, line 58.**Part II** **Credit for Child and Dependent Care Expenses****2** Information about your **qualifying person(s)**. If you have more than two qualifying persons, see the instructions.

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 2010 for the person listed in column (a)
First	Last		

**3** Add the amounts in column (c) of line 2. **Do not** enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 31 . . . . . **3****4** Enter your **earned income**. See instructions . . . . . **4****5** If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); **all others**, enter the amount from line 4 . . . . . **5****6** Enter the **smallest** of line 3, 4, or 5 . . . . . **6****7** Enter the amount from Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 37. . . . . **7****8** Enter on line 8 the decimal amount shown below that applies to the amount on line 7

If line 7 is:

Over	But not over	Decimal amount is
\$0—15,000		.35
15,000—17,000		.34
17,000—19,000		.33
19,000—21,000		.32
21,000—23,000		.31
23,000—25,000		.30
25,000—27,000		.29
27,000—29,000		.28

If line 7 is:

Over	But not over	Decimal amount is
\$29,000—31,000		.27
31,000—33,000		.26
33,000—35,000		.25
35,000—37,000		.24
37,000—39,000		.23
39,000—41,000		.22
41,000—43,000		.21
43,000—No limit		.20

**9** Multiply line 6 by the decimal amount on line 8. If you paid 2009 expenses in 2010, see the instructions . . . . . **9****10** Tax liability limit. Enter the amount from the Credit Limit Worksheet in the instructions. . . . . **10****11** **Credit for child and dependent care expenses.** Enter the **smaller** of line 9 or line 10 here and on Form 1040, line 48; Form 1040A, line 29; or Form 1040NR, line 46 . . . . . **11**

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

Cat. No. 11862M

Form **2441** (2010)



**Part III Dependent Care Benefits**

<b>12</b> Enter the total amount of <b>dependent care benefits</b> you received in 2010. Amounts you received as an employee should be shown in box 10 of your Form(s) W-2. <b>Do not</b> include amounts reported as wages in box 1 of Form(s) W-2. If you were self-employed or a partner, include amounts you received under a dependent care assistance program from your sole proprietorship or partnership . . . . .	<b>12</b>	
<b>13</b> Enter the amount, if any, you carried over from 2009 and used in 2010 during the grace period. See instructions . . . . .	<b>13</b>	
<b>14</b> Enter the amount, if any, you forfeited or carried forward to 2011. See instructions . . . . .	<b>14</b>	( )
<b>15</b> Combine lines 12 through 14. See instructions . . . . .	<b>15</b>	
<b>16</b> Enter the total amount of <b>qualified expenses</b> incurred in 2010 for the care of the <b>qualifying person(s)</b> . . . . .	<b>16</b>	
<b>17</b> Enter the <b>smaller</b> of line 15 or 16 . . . . .	<b>17</b>	
<b>18</b> Enter your <b>earned income</b> . See instructions . . . . .	<b>18</b>	
<b>19</b> Enter the amount shown below that applies to you.		
• If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions for line 5).	<b>19</b>	
• If married filing separately, see instructions.		
• All others, enter the amount from line 18.		
<b>20</b> Enter the <b>smallest</b> of line 17, 18, or 19 . . . . .	<b>20</b>	
<b>21</b> Enter \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 19) . . . . .	<b>21</b>	
<b>22</b> Is any amount on line 12 from your sole proprietorship or partnership? (Form 1040A filers go to line 25.)		
<input type="checkbox"/> <b>No.</b> Enter -0-.		
<input type="checkbox"/> <b>Yes.</b> Enter the amount here . . . . .	<b>22</b>	
<b>23</b> Subtract line 22 from line 15 . . . . .	<b>23</b>	
<b>24</b> <b>Deductible benefits.</b> Enter the <b>smallest</b> of line 20, 21, or 22. Also, include this amount on the appropriate line(s) of your return. See instructions . . . . .	<b>24</b>	
<b>25</b> <b>Excluded benefits. Form 1040 and 1040NR filers:</b> If you checked "No" on line 22, enter the smaller of line 20 or 21. Otherwise, subtract line 24 from the smaller of line 20 or line 21. If zero or less, enter -0-. <b>Form 1040A filers:</b> Enter the <b>smaller</b> of line 20 or line 21 . . . . .	<b>25</b>	
<b>26</b> <b>Taxable benefits. Form 1040 and 1040NR filers:</b> Subtract line 25 from line 23. If zero or less, enter -0-. Also, include this amount on Form 1040, line 7; or Form 1040NR, line 8. On the dotted line next to Form 1040, line 7; or Form 1040NR, line 8, enter "DCB." <b>Form 1040A filers:</b> Subtract line 25 from line 15. Also, include this amount on Form 1040A, line 7. In the space to the left of line 7, enter "DCB". . . . .	<b>26</b>	

To claim the child and dependent care credit, complete lines 27 through 31 below.

<b>27</b> Enter \$3,000 (\$6,000 if two or more qualifying persons) . . . . .	<b>27</b>	
<b>28</b> <b>Form 1040 and 1040NR filers:</b> Add lines 24 and 25. <b>Form 1040A filers:</b> Enter the amount from line 25 . . . . .	<b>28</b>	
<b>29</b> Subtract line 28 from line 27. If zero or less, <b>stop.</b> You cannot take the credit. <b>Exception.</b> If you paid 2009 expenses in 2010, see the instructions for line 9 . . . . .	<b>29</b>	
<b>30</b> Complete line 2 on the front of this form. <b>Do not</b> include in column (c) any benefits shown on line 28 above. Then, add the amounts in column (c) and enter the total here. . . . .	<b>30</b>	
<b>31</b> Enter the <b>smaller</b> of line 29 or 30. Also, enter this amount on line 3 on the front of this form and complete lines 4 through 11 . . . . .	<b>31</b>	



## Line 5

### Spouse Who Was a Student or Disabled

Your spouse was a full-time student if he or she was enrolled as a full-time student at a school during any 5 months of 2010. A school does not include an on-the-job training course, correspondence school, or a school offering courses only through the Internet. Your spouse was disabled if he or she was not physically or mentally capable of self-care. Figure your spouse's earned income on a monthly basis.

For each month or part of a month your spouse was a student or was disabled, he or she is considered to have worked and earned income. His or her earned income for each month is considered to be at least \$250 (\$500 if more than one qualifying person was cared for in 2010). If your spouse also worked during that month, use the higher of \$250 (or \$500) or his or her actual earned income for that month. If, in the same month, both you and your spouse were either students or disabled, only one of you can be treated as having earned income in that month.

For any month that your spouse was not a student or disabled, use your spouse's actual earned income if he or she worked during the month.

## Line 9

### Credit for Prior Year's Expenses

If you had qualified expenses for 2009 that you did not pay until 2010, you may be able to increase the amount of credit you can take in 2010. To figure the credit, see the worksheet under *Amount of Credit* in Pub. 503. If you can take a credit for your 2009 expenses, enter the amount of the additional credit and "CPYE" (Credit for Prior Year Expenses) on the dotted line next to line 9. Add the credit to the amount on line 9 and replace the amount on line 9 with that total. Also, attach a statement to your tax return showing the name and taxpayer identification number of the person for whom you paid the prior year's expenses and how you figured the credit.

## Line 10

### Credit Limit Worksheet — Form 2441, Line 10

Complete this worksheet to figure the amount to enter on line 10. Form 1040 and Form 1040NR filers, you will need to complete Form 6251, Alternative Minimum Tax-Individuals, through line 31, if you have not completed that form. Form 1040A filers, you will need to complete the Alternative Minimum Tax Worksheet in the Form 1040A instructions through line 25, if you have not completed that worksheet.

1. Enter the amount from Form 1040, line 44, or Form 1040NR, line 42. Form 1040A filers, enter the amount from the Alternative Minimum Tax Worksheet, line 25 . . . . . 1. \_\_\_\_\_
2. Enter the amount from Form 6251, line 31. Form 1040A filers; enter the amount from the Alternative Minimum Tax Worksheet, line 24 . . . . . 2. \_\_\_\_\_
3. Subtract line 2 from line 1. Also enter this amount on Form 2441, line 10. But if zero or less, **Stop**; you cannot take the credit . . . . . 3. \_\_\_\_\_

## Line 13

If you had an employer-provided dependent care plan, your employer may have permitted you to carry forward

any unused amount from 2009 to use during a grace period in 2010. Enter on line 13 the amount you carried forward and used in 2010 during the grace period.

## Line 14

If you had an employer-provided dependent care plan, enter on line 14 the total of the following amounts included on line 12.

- Any amount you forfeited. You forfeited an amount if you did not receive it because you did not incur the expense. Do not include amounts you expect to receive at a future date.
- Any amount you did not receive but are permitted by your employer to carry forward and use in the following year during a grace period.

**Example.** Under your employer's dependent care plan, you chose to have your employer set aside \$5,000 to cover your 2010 dependent care expenses. The \$5,000 is shown in box 10 of your Form W-2. In 2010, you incurred and were reimbursed for \$4,950 of qualified expenses. You would enter \$5,000 on line 12 and \$50, the amount forfeited, on line 14. You would also enter \$50 on line 14 if, instead of forfeiting the amount, your employer permitted you to carry the \$50 forward to use during the grace period in 2011.

## Line 15

Add the amounts on lines 12 and 13 and subtract from that total, the amount on line 14. Enter the result on line 15.

## Line 16

Enter the total of all qualified expenses incurred in 2010 for the care of your qualifying person(s). It does not matter when the expenses were paid.

**Example.** You received \$2,000 in cash under your employer's dependent care plan for 2010. The \$2,000 is shown in box 10 of your Form W-2. Only \$900 of qualified expenses were incurred in 2010 for the care of your 5-year-old dependent child. You would enter \$2,000 on line 12 and \$900 on line 16.

## Line 18

If filing jointly, figure your and your spouse's earned income separately. Enter your earned income on line 18 and your spouse's earned income on line 19. If your filing status is married filing separately or your spouse was a student or disabled, see the instructions for line 19.

Earned income for figuring the amount of dependent care benefits you are able to exclude or deduct from your income includes the following amounts.

1. The amount shown on Form 1040, line 7, Form 1040A, line 7, or Form 1040NR, line 8, minus any amount:
  - a. Included for a scholarship or fellowship grant that was not reported to you on a Form W-2,
  - b. Also reported on Schedule SE (Form 1040) because you were a member of the clergy or you received \$108.28 or more of church employee income,
  - c. Received for work performed while an inmate in a penal institution, and
  - d. Received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457(b) plan. This amount may be reported in box 11 of Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity.



**Foreign Earned Income**

▶ See separate instructions. ▶ Attach to Form 1040.

OMB No. 1545-0074

**2010**Attachment  
Sequence No. **34****For Use by U.S. Citizens and Resident Aliens Only**

Name shown on Form 1040

Your social security number

**Part I General Information****1** Your foreign address (including country)**2** Your occupation**3** Employer's name ▶**4a** Employer's U.S. address ▶**b** Employer's foreign address ▶**5** Employer is (check any that apply): **a** ☐ A foreign entity **b** ☐ A U.S. company **c** ☐ Self  
**d** ☐ A foreign affiliate of a U.S. company **e** ☐ Other (specify) ▶**6a** If, after 1981, you filed Form 2555 or Form 2555-EZ, enter the last year you filed the form. ▶**b** If you did not file Form 2555 or 2555-EZ after 1981 to claim either of the exclusions, check here ☐ and go to line 7.**c** Have you ever revoked either of the exclusions? ☐ Yes ☐ No**d** If you answered "Yes," enter the type of exclusion and the tax year for which the revocation was effective. ▶**7** Of what country are you a citizen/national? ▶**8a** Did you maintain a separate foreign residence for your family because of adverse living conditions at your tax home? See **Second foreign household** on page 3 of the instructions ☐ Yes ☐ No**b** If "Yes," enter city and country of the separate foreign residence. Also, enter the number of days during your tax year that you maintained a second household at that address. ▶**9** List your tax home(s) during your tax year and date(s) established. ▶**Next, complete either Part II or Part III. If an item does not apply, enter "NA." If you do not give the information asked for, any exclusion or deduction you claim may be disallowed.****Part II Taxpayers Qualifying Under Bona Fide Residence Test** (see page 2 of the instructions)**10** Date bona fide residence began ▶, and ended ▶**11** Kind of living quarters in foreign country ▶ **a** ☐ Purchased house **b** ☐ Rented house or apartment **c** ☐ Rented room  
**d** ☐ Quarters furnished by employer**12a** Did any of your family live with you abroad during any part of the tax year? ☐ Yes ☐ No**b** If "Yes," who and for what period? ▶**13a** Have you submitted a statement to the authorities of the foreign country where you claim bona fide residence that you are not a resident of that country? See instructions ☐ Yes ☐ No**b** Are you required to pay income tax to the country where you claim bona fide residence? See instructions ☐ Yes ☐ No**If you answered "Yes" to 13a and "No" to 13b, you do not qualify as a bona fide resident. Do not complete the rest of this part.****14** If you were present in the United States or its possessions during the tax year, complete columns (a)-(d) below. **Do not** include the income from column (d) in Part IV, but report it on Form 1040.

(a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)	(a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)

**15a** List any contractual terms or other conditions relating to the length of your employment abroad. ▶**b** Enter the type of visa under which you entered the foreign country. ▶**c** Did your visa limit the length of your stay or employment in a foreign country? If "Yes," attach explanation ☐ Yes ☐ No**d** Did you maintain a home in the United States while living abroad? ☐ Yes ☐ No**e** If "Yes," enter address of your home, whether it was rented, the names of the occupants, and their relationship to you. ▶

**Part III Taxpayers Qualifying Under Physical Presence Test** (see page 2 of the instructions)

- 16** The physical presence test is based on the 12-month period from **▶** \_\_\_\_\_ through **▶** \_\_\_\_\_
- 17** Enter your principal country of employment during your tax year. **▶** \_\_\_\_\_
- 18** If you traveled abroad during the 12-month period entered on line 16, complete columns (a)–(f) below. Exclude travel between foreign countries that did not involve travel on or over international waters, or in or over the United States, for 24 hours or more. If you have no travel to report during the period, enter "Physically present in a foreign country or countries for the entire 12-month period." **Do not** include the income from column (f) below in Part IV, but report it on Form 1040.

(a) Name of country (including U.S.)	(b) Date arrived	(c) Date left	(d) Full days present in country	(e) Number of days in U.S. on business	(f) Income earned in U.S. on business (attach computation)

**Part IV All Taxpayers**

**Note:** Enter on lines 19 through 23 all income, including noncash income, you earned and actually or constructively received during your 2010 tax year for services you performed in a foreign country. If any of the foreign earned income received this tax year was earned in a prior tax year, or will be earned in a later tax year (such as a bonus), see the instructions. **Do not** include income from line 14, column (d), or line 18, column (f). Report amounts in U.S. dollars, using the exchange rates in effect when you actually or constructively received the income.

If you are a cash basis taxpayer, report on Form 1040 all income you received in 2010, no matter when you performed the service.

2010 Foreign Earned Income		Amount (in U.S. dollars)
<b>19</b>	Total wages, salaries, bonuses, commissions, etc. . . . .	<b>19</b>
<b>20</b>	Allowable share of income for personal services performed (see instructions):	
<b>a</b>	In a business (including farming) or profession . . . . .	<b>20a</b>
<b>b</b>	In a partnership. List partnership's name and address and type of income. <b>▶</b> _____	<b>20b</b>
<b>21</b>	Noncash income (market value of property or facilities furnished by employer—attach statement showing how it was determined):	
<b>a</b>	Home (lodging) . . . . .	<b>21a</b>
<b>b</b>	Meals . . . . .	<b>21b</b>
<b>c</b>	Car . . . . .	<b>21c</b>
<b>d</b>	Other property or facilities. List type and amount. <b>▶</b> _____	<b>21d</b>
<b>22</b>	Allowances, reimbursements, or expenses paid on your behalf for services you performed:	
<b>a</b>	Cost of living and overseas differential . . . . . <b>22a</b>	
<b>b</b>	Family . . . . . <b>22b</b>	
<b>c</b>	Education . . . . . <b>22c</b>	
<b>d</b>	Home leave . . . . . <b>22d</b>	
<b>e</b>	Quarters . . . . . <b>22e</b>	
<b>f</b>	For any other purpose. List type and amount. <b>▶</b> _____ <b>22f</b>	
<b>g</b>	Add lines 22a through 22f . . . . . <b>22g</b>	
<b>23</b>	Other foreign earned income. List type and amount. <b>▶</b> _____	<b>23</b>
<b>24</b>	Add lines 19 through 21d, line 22g, and line 23 . . . . .	<b>24</b>
<b>25</b>	Total amount of meals and lodging included on line 24 that is excludable (see instructions)	<b>25</b>
<b>26</b>	Subtract line 25 from line 24. Enter the result here and on line 27 on page 3. This is your <b>2010 foreign earned income</b> <b>▶</b>	<b>26</b>

Form **2555** (2010)



**Part V All Taxpayers**

- 27 Enter the amount from line 26 . . . . . **27**
- Are you claiming the housing exclusion or housing deduction?
- ☐ **Yes.** Complete Part VI.
- ☐ **No.** Go to Part VII.

**Part VI Taxpayers Claiming the Housing Exclusion and/or Deduction**

- 28 Qualified housing expenses for the tax year (see instructions) . . . . . **28**
- 29a Enter location where housing expenses incurred (see instructions) ▶
- b Enter limit on housing expenses (see instructions) . . . . . **29b**
- 30 Enter the **smaller** of line 28 or line 29b . . . . . **30**
- 31 Number of days in your qualifying period that fall within your 2010 tax year (see instructions) . . . . . **31** days
- 32 Multiply \$40.11 by the number of days on line 31. If 365 is entered on line 31, enter \$14,640.00 here . . . . . **32**
- 33 Subtract line 32 from line 30. If the result is zero or less, do not complete the rest of this part or any of Part IX . . . . . **33**
- 34 Enter employer-provided amounts (see instructions) . . . . . **34**
- 35 Divide line 34 by line 27. Enter the result as a decimal (rounded to at least three places), but do not enter more than "1.000" . . . . . **35** ×
- 36 **Housing exclusion.** Multiply line 33 by line 35. Enter the result but do not enter more than the amount on line 34. Also, complete Part VIII . . . . . ▶ **36**
- Note:** The housing deduction is figured in Part IX. If you choose to claim the foreign earned income exclusion, complete Parts VII and VIII before Part IX.

**Part VII Taxpayers Claiming the Foreign Earned Income Exclusion**

- 37 Maximum foreign earned income exclusion . . . . . **37** \$91,500 00
- 38 • If you completed Part VI, enter the number from line 31.  
• All others, enter the number of days in your qualifying period that fall within your 2010 tax year (see the instructions for line 31). } **38** days
- 39 • If line 38 and the number of days in your 2010 tax year (usually 365) are the same, enter "1.000."  
• Otherwise, divide line 38 by the number of days in your 2010 tax year and enter the result as a decimal (rounded to at least three places). } **39** ×
- 40 Multiply line 37 by line 39 . . . . . **40**
- 41 Subtract line 36 from line 27 . . . . . **41**
- 42 **Foreign earned income exclusion.** Enter the **smaller** of line 40 or line 41. Also, complete Part VIII ▶ **42**

**Part VIII Taxpayers Claiming the Housing Exclusion, Foreign Earned Income Exclusion, or Both**

- 43 Add lines 36 and 42 . . . . . **43**
- 44 Deductions allowed in figuring your adjusted gross income (Form 1040, line 37) that are allocable to the excluded income. See instructions and attach computation . . . . . **44**
- 45 Subtract line 44 from line 43. Enter the result here and in parentheses on **Form 1040, line 21.** Next to the amount enter "Form 2555." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22 . . . . . **45**

**Part IX Taxpayers Claiming the Housing Deduction—** Complete this part only if (a) line 33 is more than line 36 and (b) line 27 is more than line 43.

- 46 Subtract line 36 from line 33 . . . . . **46**
- 47 Subtract line 43 from line 27 . . . . . **47**
- 48 Enter the **smaller** of line 46 or line 47 . . . . . **48**
- Note:** If line 47 is **more than** line 48 and you could not deduct all of your 2009 housing deduction because of the 2009 limit, use the worksheet on page 4 of the instructions to figure the amount to enter on line 49. Otherwise, go to line 50.
- 49 Housing deduction carryover from 2009 (from worksheet on page 4 of the instructions) . . . . . **49**
- 50 **Housing deduction.** Add lines 48 and 49. Enter the total here and on Form 1040 to the left of line 36. Next to the amount on Form 1040, enter "Form 2555." Add it to the total adjustments reported on that line . . . . . ▶ **50**

Form **2555** (2010)



**First-Time Homebuyer Credit and  
Repayment of the Credit**

▶ Attach to your 2009 or 2010 Form 1040, Form 1040NR, or Form 1040X.  
▶ See separate instructions.

OMB No. 1545-0074

Attachment:  
Sequence No. **58**

**Note.** Skip this page and complete page 2 if you are only filing this form to (1) report a disposition or change in use of your main home for which you claimed the credit in 2008 or 2009, or (2) pay an installment of the credit you claimed for a home purchased in 2008.

Name(s) shown on return

Your social security number

**Part I General Information**

- A** Address of home qualifying for the credit (if different from the address shown on page 1 of Form 1040 or Form 1040X) . . . . .
- B** Date purchased (MM/DD/YYYY) (see instructions) . . . . . ▶
- Note.** If the date purchased is before May 1, 2010, go to line E. Otherwise, go to line C.
- C** If the date purchased is after April 30, 2010, and before October 1, 2010, did you enter into a binding contract before May 1, 2010, to purchase the home before July 1, 2010?
- ☐ **Yes.** Go to line E. See instructions for documentation to be attached.
- ☐ **No.** You cannot claim the credit. However, if you (or your spouse if married) are a member of the uniformed services or Foreign Service, or an employee of the intelligence community, see line D. If line D applies, check the box on line D and continue; otherwise, you cannot claim the credit.
- D** If you meet the following conditions, check here . . . . . ☐
- I (or my spouse if married) am a member of the uniformed services or Foreign Service, or an employee of the intelligence community, and was on qualified official extended duty outside the United States for at least 90 days during the period beginning after December 31, 2008, and ending before May 1, 2010. If I purchased the home after April 30, 2011, and before July 1, 2011, I entered into a binding contract before May 1, 2011, to purchase the home before July 1, 2011. See instructions.
- E** Did you purchase the home from a related person or a person related to your spouse (see instructions)?
- ☐ **No.** Go to line F.
- ☐ **Yes.** You cannot claim the credit. Do not file Form 5405.
- F** If you are choosing to claim the credit on your return for the year before the year in which you purchased the home, check here (see instructions) . . . . . ☐

**Part II Credit**

- |   |           |  |
|---|-----------|--|
| <b>1</b> Enter the purchase price of the new home (see instructions) . . . . .  | <b>1</b>  |  |
| <b>2</b> Multiply line 1 by 10% (.10) and enter the result here . . . . .   | <b>2</b>  |  |
| <b>3</b> If you qualify for the credit as (check the applicable box):<br><input type="checkbox"/> A first-time homebuyer, enter \$8,000 (\$4,000 if married filing separately). A first-time homebuyer is an individual (and that individual's spouse if married) who has not owned another main home during the 3-year period ending on the purchase date and meets other requirements discussed in the instructions.<br><input type="checkbox"/> A long-time resident, enter \$6,500 (\$3,250 if married filing separately). A long-time resident is an individual (and that individual's spouse if married) who has owned and used the same home as that individual's main home for any 5-consecutive-year period during the 8-year period ending on the purchase date of the new main home and meets other requirements discussed in the instructions. See instructions for documentation to be attached. | <b>3</b>  |  |
| <b>4</b> Enter the smaller of line 2 or line 3. But: (a) if married filing separately, enter the smaller of line 3 or your share of the amount on line 2 (see instructions); or (b) if someone other than your spouse also purchased an interest in the home, enter the smaller of your share of the amount on line 3 or your share of the amount on line 2 (see instructions) . . . . .  | <b>4</b>  |  |
| <b>5</b> Enter your modified adjusted gross income (see instructions) . . . . .   | <b>5</b>  |  |
| <b>6</b> Enter \$125,000 (\$225,000 if married filing jointly) . . . . .  | <b>6</b>  |  |
| <b>7</b> Is line 5 more than line 6?<br><b>No.</b> Skip lines 7 and 8. Enter -0- on line 9 and go to line 10.<br><b>Yes.</b> Subtract line 6 from line 5 and enter the result. If the result is \$20,000 or more, stop here. You cannot take the credit. Otherwise, go to line 8 . . . . .  | <b>7</b>  |  |
| <b>8</b> Divide line 7 by \$20,000 and enter the result as a decimal (rounded to at least three places) . . . . .   | <b>8</b>  |  |
| <b>9</b> Multiply line 4 by line 8 . . . . .  | <b>9</b>  |  |
| <b>10</b> Subtract line 9 from line 4 and enter the result. This is your credit. Also enter this amount on your 2009 or 2010 Form 1040, line 67, or the appropriate line in the "Payments" section of Form 1040X . . . . .  | <b>10</b> |  |



You must attach a copy of the properly executed settlement statement (or similar documentation) used to complete the purchase (see instructions).

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

Cat. No. 118801

Form **5405** (Rev. 12-2010)

**Note.** Skip this page if you are not filing this form to (1) report a disposition or change in use of your main home for which you claimed the credit in 2008 or 2009, or (2) pay an installment of the credit you claimed for a home purchased in 2008.

Name(s) shown on return

Your social security number

**Part III Disposition or Change in Use of Main Home for Which the Credit Was Claimed**

- 11** Enter the date you disposed of, or ceased using as your main home, the home for which you claimed the credit (MM/DD) . . . . . / 2010
- 12** If you meet the following conditions, check here . . . . . ☐
- I (or my spouse if married) am a member of the uniformed services or Foreign Service, or an employee of the intelligence community. I sold the home, or it ceased to be my main home, in connection with Government orders for qualified official extended duty service. No repayment of the credit is required (see instructions). Stop here.
- 13** Check the box below that applies to you. See the instructions for the definition of "related person."
- a** ☐ I sold (including through foreclosure or repossession) the home to a person who is not related to me and had a gain on the sale (as figured after reducing the basis of my home by the credit I claimed in 2008 or 2009). Go to Part IV below.
- b** ☐ I sold (including through foreclosure or repossession) the home to a person who is not related to me and did not have a gain on the sale (as figured after reducing the basis of my home by the credit I claimed in 2008 or 2009). No repayment of the credit is required. Stop here.
- c** ☐ I sold the home to a related person. Go to Part IV below.
- d** ☐ I converted the entire home to a rental or business use OR I still own the home but no longer use it as my main home. Go to Part IV below.
- e** ☐ I transferred the home to my spouse (or ex-spouse as part of my divorce settlement). The full name of my ex-spouse is ►

The responsibility for repayment of the credit is transferred to your spouse or ex-spouse. Stop here.

- f** ☐ My home was destroyed, condemned, or disposed of under threat of condemnation and I acquired or plan to acquire a new home within 2 years of the event.
- For homes purchased in 2008, repayment of the credit over a 15-year period begins with your 2010 tax return. Check box b on line 16. If you purchase a new home within 2 years of the event, your annual payment requirement does not change.
  - For homes purchased in 2009 or a later year, you may not have to repay the credit (see instructions).
- g** ☐ My home was destroyed, condemned, or disposed of under threat of condemnation and I do not plan to acquire a new home within 2 years of the event (see instructions).
- h** ☐ The taxpayer who claimed the credit died in 2010. No repayment of the credit is required of the deceased taxpayer. If you are filing a joint return for 2010 with the deceased taxpayer, see instructions. Otherwise, stop here.

**Part IV Repayment of Credit Claimed for 2008 or 2009**

- |   |           |  |
|---|-----------|--|
| <b>14</b> Enter the amount of the credit you claimed on Form 5405 for 2008 or 2009. See instructions if you filed a joint return for the year you claimed the credit. If you checked box 13a above, go to line 15. Otherwise, skip line 15 and go to line 16 . . . . .                              | <b>14</b> |  |
| <b>15</b> Enter the gain on the sale of your main home (as figured after reducing your basis by the amount on line 14 above) (see instructions) . . . . .   | <b>15</b> |  |
| <b>16</b> Check the box below that applies to you. (Check only one box.)  |           |  |
| <b>a</b> <input type="checkbox"/> I am reporting a disposition or change in use of my main home. If you checked box 13a above, enter the smaller of line 14 or line 15. Otherwise, enter the amount from line 14.   |           |  |
| <b>b</b> <input type="checkbox"/> I am paying an installment of the credit I claimed for a home purchased in 2008. Divide line 14 by 15.0. This is the minimum amount you must repay with your 2010 return. Enter this amount (or a larger amount if you choose) here. (see instructions) . . . . . | <b>16</b> |  |
- Next:** Include the amount from line 16 on your 2010 Form 1040, line 59, or Form 1040NR, line 58. Check the "Form 5405" box on that line.



**Residential Energy Credits**  
▶ See instructions.  
▶ Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

**2010**  
Attachment  
Sequence No. **158**

Your social security number

**Part I Nonbusiness Energy Property Credit** (See instructions before completing this part.)

- 1 Were the qualified energy efficiency improvements or residential energy property costs for your main home located in the United States? (see instructions) ▶

1 ☐ Yes ☐ No

**Caution:** If you checked the "No" box, you cannot claim the nonbusiness energy property credit. Do not complete Part I.

- 2 Qualified energy efficiency improvements (see instructions).  
a Insulation material or system specifically and primarily designed to reduce the heat loss or gain of your home  
b Exterior windows (including certain storm windows) and skylights  
c Exterior doors (including certain storm doors)  
d Metal roof with appropriate pigmented coatings or asphalt roof with appropriate cooling granules that are specifically and primarily designed to reduce the heat gain of your home, and the roof meets or exceeds the Energy Star program requirements in effect at the time of purchase or installation

2a

2b

2c

2d

- 3 Residential energy property costs (see instructions).  
a Energy-efficient building property  
b Qualified natural gas, propane, or oil furnace or hot water boiler  
c Advanced main air circulating fan used in a natural gas, propane, or oil furnace

3a

3b

3c

- 4 Add lines 2a through 3c

4

- 5 Multiply line 4 by 30% (.30)

5

- 6 Maximum credit amount. (If you jointly occupied the home, see instructions)

6 \$1,500

- 7 Enter the amount, if any, from your 2009 Form 5695, line 11. Otherwise enter -0-

7

- 8 Subtract line 7 from line 6

8

- 9 Enter the smaller of line 5 or line 8

9

- 10 Limitation based on tax liability. Enter the amount from the Credit Limit Worksheet (see instructions)

10

- 11 **Nonbusiness energy property credit.** Enter the smaller of line 9 or line 10. Also include this amount on Form 1040, line 52, or Form 1040NR, line 49

11

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

Cat. No. 13540P

Form **5695** (2010)



Form 5695 (2010)

Page **5**

**Line 3c.** Enter the amounts you paid for an advanced main air circulating fan used in a natural gas, propane, or oil furnace that has an annual electricity use of no more than 2% of the total annual energy use of the furnace (as determined in the standard Department of Energy test procedures).

**Manufacturer's certification.** For purposes of taking the credit, you can rely on a manufacturer's certification in writing that a product is qualified residential energy property. Do not attach the certification to your return. Keep it for your records.

**Line 6**

If the rules on page 3 for joint occupancy apply, cross out the preprinted \$1,500 on line 6 and enter on line 6 the smaller of:

1. The amount on line 4, or
2. \$1,500 multiplied by a fraction. The numerator is the amount on line 4. The denominator is the total amount from line 4 for all owners.

For more details, see *Joint occupancy* on page 3.

**Line 10**

Use this Credit Limit Worksheet to figure the amount to enter on line 10.

**Credit Limit Worksheet—Line 10**

- |   |    |
|---|----|
| 1. Enter the amount from Form 1040, line 44, or Form 1040NR, line 42  | 1. |
| 2. Enter the total, if any, of your credits from Form 1040, lines 48 and 49, and Schedule R, line 22; or Form 1040NR, line 46           | 2. |
| 3. Enter the amount from Form 6251, line 31 (see instructions)  | 3. |
| 4. Add lines 2 and 3  | 4. |
| 5. Subtract line 4 from line 1. Also enter this amount on Form 5695, line 10. If zero or less, <b>stop</b> , you cannot take the credit | 5. |

**Part II****Residential Energy Efficient Property Credit**

Also include on lines 12 through 15, and 18, any labor costs properly allocable to the onsite preparation, assembly, or original installation of the property and for piping or wiring to interconnect such property to the home.

**Before you begin Part II:**

Figure the amount of any of the following credits you are claiming.

- Credit for the elderly or the disabled.
- Mortgage interest credit.
- District of Columbia first-time homebuyer credit.
- Alternative motor vehicle credit.
- Qualified plug-in electric vehicle credit.
- Qualified plug-in electric drive motor vehicle credit.

**Line 12**

Enter the amounts you paid for qualified solar electric property. See *Qualified solar electric property costs* on page 3.

**Line 13**

Enter the amounts you paid for qualified solar water heating property. See *Qualified solar water heating property costs* on page 4.

**Line 14**

Enter the amounts you paid for qualified small wind energy property. See *Qualified small wind energy property costs* on page 4.

**Line 15**

Enter the amounts you paid for qualified geothermal heat pump property. See *Qualified geothermal heat pump property costs* on page 4.

**Line 18**

Enter the amounts you paid for qualified fuel cell property. See *Qualified fuel cell property costs* on page 4.

**Line 25**

If you are claiming the child tax credit for 2010, include on this line the amount from line 12 of the Line 11 Worksheet in Pub. 972.

**TIP** If you are not claiming the child tax credit for 2010, you do not need Pub. 972.

**Manufacturer's certification.** For purposes of taking the credit, you can rely on the manufacturer's certification in writing that a product is qualifying property for the credit. Do not attach the certification to your return. Keep it for your records.

**Line 28**

If you cannot use all of the credit because of the tax liability limit (line 26 is less than line 23), you can carry the unused portion of the credit to 2011.

File this form even if you cannot use any of your credit in 2010.

Form **8812****Additional Child Tax Credit**Department of the Treasury  
Internal Revenue Service (99)  
Name(s) shown on return

Complete and attach to Form 1040, Form 1040A, or Form 1040NR.



OMB No. 1545-0074

**2010**Attachment  
Sequence No. **47**

Your social security number

**Part I All Filers**

- 1** **1040 filers:** Enter the amount from line 6 of your Child Tax Credit Worksheet (see the Instructions for Form 1040, line 51).
- 1040A filers:** Enter the amount from line 6 of your Child Tax Credit Worksheet (see the Instructions for Form 1040A, line 33).
- 1040NR filers:** Enter the amount from line 6 of your Child Tax Credit Worksheet (see the Instructions for Form 1040NR, line 48).

If you used Pub. 972, enter the amount from line 8 of the worksheet on page 4 of the publication.

- 2** Enter the amount from Form 1040, line 51, Form 1040A, line 33, or Form 1040NR, line 48 . . . . . **2**
- 3** Subtract line 2 from line 1. If zero, **stop**; you cannot take this credit . . . . . **3**
- 4a** Earned income (see instructions on back) . . . . . **4a**
- b** Nontaxable combat pay (see instructions on back) . . . . . **4b**
- 5** Is the amount on line 4a more than \$3,000?  
☐ **No.** Leave line 5 blank and enter -0- on line 6.  
☐ **Yes.** Subtract \$3,000 from the amount on line 4a. Enter the result . . . . . **5**
- 6** Multiply the amount on line 5 by 15% (.15) and enter the result . . . . . **6**
- Next.** Do you have three or more qualifying children?  
☐ **No.** If line 6 is zero, **stop**; you cannot take this credit. Otherwise, skip Part II and enter the **smaller** of line 3 or line 6 on line 13.  
☐ **Yes.** If line 6 is equal to or more than line 3, skip Part II and enter the amount from line 3 on line 13. Otherwise, go to line 7.

**Part II Certain Filers Who Have Three or More Qualifying Children**

- 7** Withheld social security and Medicare taxes from Form(s) W-2, boxes 4 and 6. If married filing jointly, include your spouse's amounts with yours. If you worked for a railroad, see instructions on back . . . . . **7**
- 8** **1040 filers:** Enter the total of the amounts from Form 1040, lines 27 and 57, plus any taxes that you identified using code "UT" and entered on the dotted line next to line 60.  
**1040A filers:** Enter -0-.  
**1040NR filers:** Enter the total of the amounts from Form 1040NR, lines 27 and 55, plus any taxes that you identified using code "UT" and entered on the dotted line next to line 59. . . . . **8**
- 9** Add lines 7 and 8 . . . . . **9**
- 10** **1040 filers:** Enter the total of the amounts from Form 1040, lines 64a and 69.  
**1040A filers:** Enter the total of the amount from Form 1040A, line 41a, plus any excess social security and tier 1 RRTA taxes withheld that you entered to the left of line 44 (see instructions on back).  
**1040NR filers:** Enter the amount from Form 1040NR, line 64. . . . . **10**
- 11** Subtract line 10 from line 9. If zero or less, enter -0- . . . . . **11**
- 12** Enter the **larger** of line 6 or line 11 . . . . . **12**
- Next,** enter the **smaller** of line 3 or line 12 on line 13.

**Part III Additional Child Tax Credit**

- 13**
- This is your additional child tax credit . . . . .
- 13**

Enter this amount on  
Form 1040, line 65,  
Form 1040A, line 42, or  
Form 1040NR, line 62.

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

Cat. No. 10644E

Form **8812** (2010)

Form **8863**Department of the Treasury  
Internal Revenue Service (99)**Education Credits (American Opportunity and  
Lifetime Learning Credits)**▶ See separate instructions to find out if you are eligible to take the credits.  
▶ Attach to Form 1040 or Form 1040A.

OMB No. 1545-0074

**2010**  
Attachment  
Sequence No. **50**

Name(s) shown on return

Your social security number

**Part I American Opportunity Credit****Caution:** You *cannot* take the American opportunity credit for more than **4** tax years for the *same* student.

1	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions). <b>Do not</b> enter more than \$4,000 for each student.	(d) Subtract \$2,000 from the amount in column (c). If zero or less, enter -0-.	(e) Multiply the amount in column (d) by 25% (.25)	(f) If column (d) is zero, enter the amount from column (c). Otherwise, add \$2,000 to the amount in column (e).

**2 Tentative American opportunity credit.** Add the amounts on line 1, column (f). If you are taking the lifetime learning credit for a different student, go to Part II; otherwise, go to Part III ▶**2****Part II Lifetime Learning Credit****Caution:** You *cannot* take the American opportunity credit and the lifetime learning credit for the *same* student in the same year.

3	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions)
4	Add the amounts on line 3, column (c), and enter the total		
5	Enter the <b>smaller</b> of line 4 or \$10,000		
6	<b>Tentative lifetime learning credit.</b> Multiply line 5 by 20% (.20). If you have an entry on line 2, go to Part III; otherwise go to Part IV		

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

Cat. No. 25379M

Form **8863** (2010)



**Part III Refundable American Opportunity Credit**

<b>7</b>	Enter the amount from line 2.		<b>7</b>	
<b>8</b>	Enter: \$180,000 if married filing jointly; \$90,000 if single, head of household, or qualifying widow(er)	<b>8</b>		
<b>9</b>	Enter the amount from Form 1040, line 38,* or Form 1040A, line 22	<b>9</b>		
<b>10</b>	Subtract line 9 from line 8. If zero or less, <b>stop</b> ; you cannot take any education credit	<b>10</b>		
<b>11</b>	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)	<b>11</b>		
<b>12</b>	If line 10 is: • Equal to or more than line 11, enter 1.000 on line 12 • Less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places)		<b>12</b>	
<b>13</b>	Multiply line 7 by line 12. <b>Caution:</b> If you were under age 24 at the end of the year <b>and</b> meet the conditions on page 5 of the instructions, you <b>cannot</b> take the refundable American opportunity credit. Skip line 14, enter the amount from line 13 on line 15, and check this box <input type="checkbox"/>		<b>13</b>	
<b>14</b>	<b>Refundable American opportunity credit.</b> Multiply line 13 by 40% (.40). Enter the amount here and on Form 1040, line 66, or Form 1040A, line 43. Then go to line 15 below		<b>14</b>	

**Part IV Nonrefundable Education Credits**

<b>15</b>	Subtract line 14 from line 13		<b>15</b>	
<b>16</b>	Enter the amount from line 6, if any. If you have no entry on line 6, skip lines 17 through 22, and enter the amount from line 15 on line 8 of the Credit Limit Worksheet (see instructions)		<b>16</b>	
<b>17</b>	Enter: \$120,000 if married filing jointly; \$60,000 if single, head of household, or qualifying widow(er)	<b>17</b>		
<b>18</b>	Enter the amount from Form 1040, line 38,* or Form 1040A, line 22	<b>18</b>		
<b>19</b>	Subtract line 18 from line 17. If zero or less, skip lines 20 and 21, and enter zero on line 22	<b>19</b>		
<b>20</b>	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)	<b>20</b>		
<b>21</b>	If line 19 is: • Equal to or more than line 20, enter 1.000 on line 21 and go to line 22 • Less than line 20, divide line 19 by line 20. Enter the result as a decimal (rounded to at least three places)		<b>21</b>	
<b>22</b>	Multiply line 16 by line 21. Enter here and on line 1 of the Credit Limit Worksheet (see instructions) <input type="checkbox"/>		<b>22</b>	
<b>23</b>	<b>Nonrefundable education credits.</b> Enter the amount from line 13 of the Credit Limit Worksheet (see instructions) here and on Form 1040, line 49, or Form 1040A, line 31		<b>23</b>	

\*If you are filing Form 2555, 2555-EZ, or 4563, or you are excluding income from Puerto Rico, see Pub. 970 for the amount to enter.

return. Instead, your allowed credit, which is figured in Part IV, will be used to reduce your tax as a nonrefundable credit only.

You do **not** qualify for a refund if 1(a, b, or c), 2, and 3 below apply to you.

1. You were:
  - a. Under age 18 at the end of 2010, **or**
  - b. Age 18 at the end of 2010 **and** your earned income (defined below) was less than one-half of your support (defined below), **or**
  - c. A full-time student over age 18 and under age 24 at the end of 2010 **and** your earned income (defined below) was less than one-half of your support (defined below).
2. At least one of your parents was alive at the end of 2010.
3. You are filing a return for 2010 as single, head of household, qualifying widow(er), or married filing separately for 2010.

If you meet these conditions, check the box next to line 13, skip line 14, and enter the amount from line 13 on line 15.

**Earned income.** Examples of earned income include wages, salaries, tips, and other taxable employee pay; net earnings from self-employment; and gross income received as a statutory employee. Statutory employees include full-time life insurance agents, certain agent or commission drivers and traveling salespersons, and certain homeworkers.

**Support.** Your support includes all amounts spent to provide you with food, lodging, clothing, education, medical and dental

care, recreation, transportation, and similar necessities. To figure your support, count support provided by you, your parents, and others. However, a scholarship received by you is not considered support if you are a full-time student. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for details.

## Part IV Nonrefundable Education Credits

### Line 16

Enter your tentative lifetime learning credit from Part II, line 6, and go to line 17. **Note.** If you are claiming **only** the American opportunity credit, you will not have an entry on this line. Instead, enter the amount from line 15 on line 8 of the Credit Limit Worksheet below.

### Line 22

You will have an amount on line 22 if you are claiming the lifetime learning credit. Enter this amount on line 1 of the Credit Limit Worksheet below.

### Line 23

Complete the credit limit worksheet to figure your nonrefundable education credit.

## Credit Limit Worksheet—Form 8863, Line 23

<b>Nonrefundable lifetime learning credit</b>		
1. Enter the amount from Form 8863, line 22		1.
2. Enter the amount from Form 1040, line 44, or Form 1040A, line 28 (minus any alternative minimum tax included on line 28)	2.	
3. Enter the total, if any, of your credits from:		
• Form 1040, lines 47, 48, and the amount from Schedule R entered on line 53	}	3.
• Form 1040A, lines 29 and 30		
4. 1040 filers: Enter the amount from Form 6251, line 31	}	4.
1040A filers: Enter the amount from the Alternative Minimum Tax Worksheet, line 24		
5. Add line 3 and line 4	5.	
6. Subtract line 5 from line 2		6.
7. <b>Nonrefundable lifetime learning credit.</b> Enter the <b>smaller</b> of line 1 or line 6		7.
<b>Nonrefundable American opportunity credit</b>		
8. Enter the amount from Form 8863, line 15		8.
9. Enter the amount from Form 1040, line 46, or Form 1040A, line 28	9.	
10. Enter the total, if any, of your credits from:		
• Form 1040, lines 47, 48, and the amount from Schedule R entered on line 53, and the amount from line 7 above	}	10.
• Form 1040A, lines 29 and 30, and the amount from line 7 above		
11. Subtract line 10 from line 9		11.
12. <b>Nonrefundable American opportunity credit.</b> Enter the <b>smaller</b> of line 8 or line 11		12.
13. <b>Nonrefundable education credits.</b> Add line 7 and line 12. Enter here and on Form 8863, line 23		13.



## Credit for Qualified Retirement Savings Contributions

▶ Attach to Form 1040, Form 1040A, or Form 1040NR.  
▶ See instructions on back.

OMB No. 1545-0074

**2010**  
Attachment  
Sequence No. **54**

Your social security number

You **cannot** take this credit if **either** of the following applies.



- The amount on Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 37 is more than \$27,750 (\$41,625 if head of household; \$55,500 if married filing jointly).
- The person(s) who made the qualified contribution or elective deferral **(a)** was born after January 1, 1993, **(b)** is claimed as a dependent on someone else's 2010 tax return, or **(c)** was a **student** (see instructions).

- 1 Traditional and Roth IRA contributions for 2010. **Do not** include rollover contributions . . . . .
- 2 Elective deferrals to a 401(k) or other qualified employer plan, voluntary employee contributions, and 501(c)(18)(D) plan contributions for 2010 (see instructions) . . . . .
- 3 Add lines 1 and 2 . . . . .
- 4 Certain distributions received **after** 2007 and **before** the due date (including extensions) of your 2010 tax return (see instructions). If married filing jointly, include **both** spouses' amounts in **both** columns. See instructions for an exception . . . . .
- 5 Subtract line 4 from line 3. If zero or less, enter -0- . . . . .
- 6 In each column, enter the **smaller** of line 5 or \$2,000 . . . . .
- 7 Add the amounts on line 6. If zero, **stop**; you cannot take this credit . . . . .
- 8 Enter the amount from Form 1040, line 38\*; Form 1040A, line 22; or Form 1040NR, line 37 . . . . .
- 9 Enter the applicable decimal amount shown below:

If line 8 is—		And your filing status is—		
Over—	But not over—	Married filing jointly	Head of household	Single, Married filing separately, or Qualifying widow(er)
Enter on line 9—				
---	\$16,750	.5	.5	.5
\$16,750	\$18,000	.5	.5	.2
\$18,000	\$25,125	.5	.5	.1
\$25,125	\$27,000	.5	.2	.1
\$27,000	\$27,750	.5	.1	.1
\$27,750	\$33,500	.5	.1	.0
\$33,500	\$36,000	.2	.1	.0
\$36,000	\$41,625	.1	.1	.0
\$41,625	\$55,500	.1	.0	.0
\$55,500	---	.0	.0	.0

**Note:** If line 9 is zero, **stop**; you cannot take this credit.

- 10 Multiply line 7 by line 9 . . . . .
- 11 Enter the amount from Form 1040, line 46; Form 1040A, line 28; or Form 1040NR, line 44 . . . . .
- 12 **1040 filers:** Enter the total of your credits from lines 47 and 48; plus the amounts, if any, from line 7 of the Credit Limit Worksheet in the Form 8863 Instructions; from line 12 of the Line 11 Worksheet in Pub. 972 (see instructions); Form 5695, line 11; Form 8396, line 9; Form 8859, line 3; and Schedule R, line 22.  
**1040A filers:** Enter the total of your credits from lines 29 and 30; plus the amounts, if any, from line 7 of the Credit Limit Worksheet in the Form 8863 Instructions; and from line 12 of the Line 11 Worksheet in Pub. 972 (see instructions).  
**1040NR filers:** Enter the total of your credits from lines 45 and 46; plus the amounts, if any, from line 12 of the Line 11 Worksheet in Pub. 972 (see instructions); Form 5695, line 11; Form 8396, line 9; and Form 8859, line 3.
- 13 Subtract line 12 from line 11. If zero, **stop**; you cannot take this credit . . . . .
- 14 **Credit for qualified retirement savings contributions.** Enter the **smaller** of line 10 or line 13 here and on Form 1040, line 50; Form 1040A, line 32; or Form 1040NR, line 47 . . . . .

\*See Pub. 590 for the amount to enter if you are filing Form 2555, 2555-EZ, or 4563 or you are excluding income from Puerto Rico.

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

Cat. No. 33394D

Form **8880** (2010)



Form **8888**Department of the Treasury  
Internal Revenue Service  
Name(s) shown on return**Allocation of Refund (Including Bond Purchases)**

▶ See instructions.

▶ Attach to Form 1040, Form 1040A, Form 1040EZ, Form 1040NR,  
Form 1040NR-EZ, Form 1040-SS, or Form 1040-PR.

OMB No. 1545-0074

**2010**Attachment  
Sequence No. **56**

Your social security number

**Part I Direct Deposit**

Complete this part if you want us to directly deposit a portion of your refund to one or more accounts.

<b>1a</b> Amount to be deposited in first account . . . . .	<b>1a</b>	
<b>b</b> Routing number <input type="text"/>	<b>c</b> <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
<b>d</b> Account number <input type="text"/>		
<b>2a</b> Amount to be deposited in second account . . . . .	<b>2a</b>	
<b>b</b> Routing number <input type="text"/>	<b>c</b> <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
<b>d</b> Account number <input type="text"/>		
<b>3a</b> Amount to be deposited in third account . . . . .	<b>3a</b>	
<b>b</b> Routing number <input type="text"/>	<b>c</b> <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
<b>d</b> Account number <input type="text"/>		

**Part II U.S. Series I Savings Bond Purchases**

Complete this part if you want to buy bonds with a portion of your refund.

**CAUTION** If a name is entered on line 5c or 6c below, co-ownership will be assumed unless the beneficiary box is checked. See the instructions for more details.

<b>4</b> Amount to be used for bond purchases for yourself (and your spouse, if filing jointly) . . . . .	<b>4</b>	
<b>5a</b> Amount to be used to buy bonds for yourself, your spouse, or someone else . . . . .	<b>5a</b>	
<b>b</b> Enter the owner's name (First Last) for the bond registration <input type="text"/>		
<b>c</b> If you would like to add a co-owner or beneficiary, enter their name here (First Last). If beneficiary, also check here ▶ <input type="checkbox"/> <input type="text"/>		
<b>6a</b> Amount to be used to buy bonds for yourself, your spouse, or someone else . . . . .	<b>6a</b>	
<b>b</b> Enter the owner's name (First Last) for the bond registration <input type="text"/>		
<b>c</b> If you would like to add a co-owner or beneficiary, enter their name here (First Last). If beneficiary, also check here ▶ <input type="checkbox"/> <input type="text"/>		

**Part III Paper Check**

Complete this part if you want a portion of your refund to be sent to you as a check.

<b>7</b> Amount to be refunded by check . . . . .	<b>7</b>	
---	----------	--

**Part IV Total Allocation of Refund**

<b>8</b> Add lines 1a, 2a, 3a, 4, 5a, 6a, and 7. The total must equal the amount shown on Form 1040, line 74a; Form 1040A, line 46a; Form 1040EZ, line 12a; Form 1040NR, line 70a; Form 1040NR-EZ, line 23a; Form 1040-SS, line 12a; or Form 1040-PR, line 12a . . . . .	<b>8</b>	
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For Paperwork Reduction Act Notice, see your tax return instructions.

Cal. No. 21858A

Form **8888** (2010)


## Line 51—Child Tax Credit


### Three Steps To Take the Child Tax Credit!


- Step 1.** Make sure you have a qualifying child for the child tax credit. Follow Steps 1 through 3 in the instructions for line 6c on page 15.
- Step 2.** Make sure you checked the box on Form 1040, line 6c, column (4), for each qualifying child.
- Step 3.** Answer the questions on this page to see if you can use the worksheet on pages 41 and 42 to figure your credit or if you must use Pub. 972.

#### Question Who Must Use Pub. 972

- Are you claiming any of the following credits?
  - Mortgage interest credit, Form 8396.
  - District of Columbia first-time homebuyer credit, Form 8859.
  - Retirement savings contributions credit, Form 8880.
  - Education credits, Form 8863.
  - Alternative motor vehicle credit, Form 8910, Part III.
  - Plug-in electric vehicle credit, Form 8834, Part I.
  - Plug-in electric drive motor vehicle credit, Form 8936, Part III.
  - Residential energy efficient property credit, Form 5695, Part II.

☐ **Yes.**  You must use Pub. 972 to figure your child tax credit. You will also need the form(s) listed above for any credit(s) you are claiming.

☐ **No.** Continue 
- Are you excluding income from Puerto Rico or are you filing any of the following forms?
  - Form 2555 or 2555-EZ (relating to foreign earned income).
  - Form 4563 (exclusion of income for residents of American Samoa).

☐ **Yes.**  You must use Pub. 972 to figure your credit.

☐ **No.** Use the worksheet on pages 41 and 42 to figure your credit.

Need more information or forms? See page 96.

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## Child Tax Credit Worksheet—Line 51

Keep for Your Records 

- To be a qualifying child for the child tax credit, the child must be your dependent, **under age 17** at the end of 2010, and meet all the conditions in Steps 1 through 3 on page 15.
- **Do not** use this worksheet if you answered "Yes" to question 1 or 2 on page 40. Instead, use Pub. 972.

**Part 1**

1. Number of qualifying children: \_\_\_\_\_ × \$1,000.  
Enter the result.

1	
---	--

2. Enter the amount from Form 1040, line 38.

2	
---	--

3. Enter the amount shown below for your filing status.

• Married filing jointly — \$110,000

• Single, head of household, or  
qualifying widow(er) — \$75,000

• Married filing separately — \$55,000

3	
---	--

4. Is the amount on line 2 more than the amount on line 3?

☐ **No.** Leave line 4 blank. Enter -0- on line 5, and go to line 6.

☐ **Yes.** Subtract line 3 from line 2.


If the result is not a multiple of \$1,000,  
increase it to the next multiple of \$1,000.  
For example, increase \$425 to \$1,000,  
increase \$1,025 to \$2,000, etc.

4	
---	--

5. Multiply the amount on line 4 by 5% (.05). Enter the result.

5	
---	--

6. Is the amount on line 1 more than the amount on line 5?

☐ **No.** 

You cannot take the child tax credit on Form 1040,  
line 51. You also cannot take the additional child  
tax credit on Form 1040, line 65. Complete the rest  
of your Form 1040.

☐ **Yes.** Subtract line 5 from line 1. Enter the result.  
Go to Part 2 on the next page.

6	
---	--



**Child Tax Credit Worksheet**—Continued from page 43

Keep for Your Records

**Before you begin Part 2:** ✓ Figure the amount of any credits you are claiming on Form 5695, Part I or Schedule R.**Part 2**

7. Enter the amount from Form 1040, line 46.

7

8. Add any amounts from:

Form 1040, line 47 \_\_\_\_\_

Form 1040, line 48 + \_\_\_\_\_

Form 5695, line 11 + \_\_\_\_\_

Schedule R, line 22 + \_\_\_\_\_

8

Enter the total.

9. Are the amounts on lines 7 and 8 the same?

☐ **Yes.**

You cannot take this credit because there is no tax to reduce. However, you may be able to take the **additional child tax credit**. See the **TIP** below.

☐ **No.** Subtract line 8 from line 7.

9

10. Is the amount on line 6 more than the amount on line 9?

☐ **Yes.** Enter the amount from line 9. Also, you may be able to take the **additional child tax credit**. See the **TIP** below.

**This is your child tax credit.**

☐ **No.** Enter the amount from line 6.

10

Enter this amount on Form 1040, line 51.



You may be able to take the **additional child tax credit** on Form 1040, line 65, if you answered "Yes" on line 9 or line 10 above.

- First, complete your Form 1040 through lines 64a and 64b.
- Then, use Form 8812 to figure any additional child tax credit.



## Lines 64a and 64b— Earned Income Credit (EIC)

### What Is the EIC?

The EIC is a credit for certain people who work. The credit may give you a refund even if you do not owe any tax.

### To Take the EIC:

- Follow the steps below.
- Complete the worksheet that applies to you or let the IRS figure the credit for you.
- If you have a qualifying child, complete and attach Schedule EIC.

For help in determining if you are eligible for the EIC, go to [www.irs.gov/eic](http://www.irs.gov/eic) and click on "EIC Assistant." This service is available in English and Spanish.



*If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. See Form 8862, who must file, on page 49. You may also have to pay penalties.*

### Step 1 All Filers

#### 1. If, in 2010:

- 3 or more children lived with you, is the amount on Form 1040, line 38, less than \$43,352 (\$48,362 if married filing jointly)?
- 2 children lived with you, is the amount on Form 1040, line 38, less than \$40,363 (\$45,373 if married filing jointly)?
- 1 child lived with you, is the amount on Form 1040, line 38, less than \$35,535 (\$40,545 if married filing jointly)?
- No children lived with you, is the amount on Form 1040, line 38, less than \$13,460 (\$18,470 if married filing jointly)?

☐ **Yes.** Continue →

☐ **No.** You cannot take the credit.

#### 2. Do you, and your spouse if filing a joint return, have a social security number that allows you to work or is valid for EIC purposes (see page 49)?

☐ **Yes.** Continue →

☐ **No.** You cannot take the credit.

Enter "No" on the dotted line next to line 64a.

#### 3. Is your filing status married filing separately?

☐ **Yes.** You cannot take the credit.

☐ **No.** Continue →

#### 4. Are you filing Form 2555 or 2555-EZ (relating to foreign earned income)?

☐ **Yes.** You cannot take the credit.

☐ **No.** Continue →

#### 5. Were you or your spouse a nonresident alien for any part of 2010?

☐ **Yes.** See *Nonresident aliens* on page 49. ☐ **No.** Go to Step 2.

### Step 2 Investment Income

#### 1. Add the amounts from Form 1040:

Line 8a \_\_\_\_\_  
Line 8b + \_\_\_\_\_  
Line 9a + \_\_\_\_\_  
Line 13\* + \_\_\_\_\_

**Investment Income** =

\*If line 13 is a loss, enter -0-.

#### 2. Is your investment income more than \$3,100?

☐ **Yes.** Continue →

☐ **No.** Skip question 3; go to question 4.

#### 3. Are you filing Form 4797 (relating to sales of business property)?

☐ **Yes.** See *Form 4797 filers* on page 49.

☐ **No.** You cannot take the credit.

#### 4. Do any of the following apply for 2010?

- You are filing Schedule E.
  - You are a member of a qualified joint venture that is a passive activity reporting rental real estate income not subject to self-employment tax on Schedule C or C-EZ.
  - You are reporting income from the rental of personal property not used in a trade or business.
  - You are reporting income on Form 1040, line 21, from Form 8814 (relating to election to report child's interest and dividends).
- ☐ **Yes.** You must use Worksheet 1 in Pub. 596 to see if you can take the credit. ☐ **No.** Go to Step 3 on page 47.

(Continued on next page)

Need more information or forms? See page 96.

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**Step 3 Qualifying Child**

**A qualifying child for the EIC is a child who is your...**

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

**AND**

**was ...**

Under age 19 at the end of 2010 and younger than you (or your spouse, if filing jointly)

**or**

Under age 24 at the end of 2010, a student (see page 49), and younger than you (or your spouse, if filing jointly)

**or**

Any age and permanently and totally disabled (see page 49)

**AND**

Who is not filing a joint return for 2010 or is filing a joint return for 2010 only as a claim for refund (defined on page 48)

**AND**

Who lived with you in the United States for more than half of 2010.

If the child did not live with you for the required time, see *Exception to time lived with you* on page 49.



**CAUTION** If the child meets the conditions to be a qualifying child of any other person (other than your spouse if filing a joint return) for 2010, or the child was married, see page 49.

1. Do you have at least one child who meets the conditions to be your qualifying child?

☐ **Yes.** The child must have a valid social security number (SSN) as defined on page 49 unless the child was born and died in 2010. If at least one qualifying child has a valid SSN (or was born or died in 2010), go to question 2. Otherwise, you cannot take the credit.

☐ **No.** Skip question 2; go to Step 4.

2. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2010?

☐ **Yes.** You cannot take the credit. Enter "No" on the dotted line next to line 64a.

☐ **No.** Skip Step 4; go to Step 5 on page 48.

**Step 4 Filers Without a Qualifying Child**

1. Is the amount on Form 1040, line 38, less than \$13,460 (\$18,470 if married filing jointly)?

☐ **Yes.** Continue →

☐ **No.** You cannot take the credit.

2. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2010?

☐ **Yes.** You cannot take the credit. Enter "No" on the dotted line next to line 64a.

☐ **No.** Continue →

3. Were you, or your spouse if filing a joint return, at least age 25 but under age 65 at the end of 2010? If your spouse died in 2010, see Pub. 596 before you answer.

☐ **Yes.** Continue →

☐ **No.** You cannot take the credit.

4. Was your main home, and your spouse's if filing a joint return, in the United States for more than half of 2010? Members of the military stationed outside the United States, see page 49 before you answer.

☐ **Yes.** Continue →

☐ **No.** You cannot take the credit. Enter "No" on the dotted line next to line 64a.

5. Are you filing a joint return?

☐ **Yes.** Skip question 6; go to Step 5 on page 48.

☐ **No.** Continue →

6. Can you be claimed as a dependent on someone else's 2010 tax return?

☐ **Yes.** You cannot take the credit.

☐ **No.** Go to Step 5 on page 48.

(Continued on next page)



**Step 5** Earned Income

1. Are you filing Schedule SE because you were a member of the clergy or you had church employee income of \$108.28 or more?

☐ **Yes.** See *Clergy or Church employees*, whichever applies, on this page. ☐ **No.** Continue

2. Figure earned income:

Form 1040, line 7 \_\_\_\_\_

Subtract, if included on line 7, any:

- Taxable scholarship or fellowship grant not reported on a Form W-2.
- Amount received for work performed while an inmate in a penal institution (enter "PRI" and the amount subtracted on the dotted line next to Form 1040, line 7).
- Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (enter "DFC" and the amount subtracted on the dotted line next to Form 1040, line 7). This amount may be shown in box 11 of Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity.

Add all of your nontaxable combat pay if you elect to include it in earned income. Also enter this amount on Form 1040, line 64b. See *Combat pay, nontaxable* on this page.



**Caution** Electing to include nontaxable combat pay may increase or decrease your EIC. Figure the credit with and without your nontaxable combat pay before making the election.

Earned Income =

3. Were you self-employed at any time in 2010, or are you filing Schedule SE because you were a member of the clergy or you had church employee income, or are you filing Schedule C or C-EZ as a statutory employee?

☐ **Yes.** Skip question 4 and Step 6; go to Worksheet B on page 51. ☐ **No.** Continue

4. If you have:

- 3 or more qualifying children, is your earned income less than \$43,352 (\$48,362 if married filing jointly)?
- 2 qualifying children, is your earned income less than \$40,363 (\$45,373 if married filing jointly)?
- 1 qualifying child, is your earned income less than \$35,335 (\$40,345 if married filing jointly)?
- No qualifying children, is your earned income less than \$13,460 (\$18,470 if married filing jointly)?

☐ **Yes.** Go to Step 6. ☐ **No.** STOP

You cannot take the credit.

**Step 6** How To Figure the Credit

1. Do you want the IRS to figure the credit for you?

☐ **Yes.** See *Credit figured by the IRS* on this page. ☐ **No.** Go to Worksheet A on page 50.

**Definitions and Special Rules**

**Adopted child.** An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption.

**Church employees.** Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, line 5a. Subtract that amount from the amount on Form 1040, line 7, and enter the result in the first space of Step 5, line 2. Be sure to answer "Yes" to question 3 in Step 5.

**Claim for refund.** A claim for refund is a return filed only to get a refund of withheld income tax or estimated tax paid. A return is not a claim for refund if the making work pay credit, earned income credit, or any other similar refundable credit is claimed on it.

**Clergy.** The following instructions apply to ministers, members of religious orders who have not taken a vow of poverty, and Christian Science practitioners. If you are filing Schedule SE and the amount on line 2 of that schedule includes an amount that was also reported on Form 1040, line 7:

1. Enter "Clergy" on the dotted line next to Form 1040, line 64a.
2. Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, line 2.
3. Subtract that amount from the amount on Form 1040, line 7. Enter the result in the first space of Step 5, line 2.
4. Be sure to answer "Yes" to question 3 in Step 5.

**Combat pay, nontaxable.** If you were a member of the U.S. Armed Forces who served in a combat zone, certain pay is excluded from your income. See *Combat Zone Exclusion* in Pub. 3. You can elect to include this pay in your earned income when figuring the EIC. The amount of your nontaxable combat pay should be shown in box 12 of Form(s) W-2 with code Q. If you are filing a joint return and both you and your spouse received nontaxable combat pay, you can each make your own election.

**Credit figured by the IRS.** To have the IRS figure your EIC:

1. Enter "EIC" on the dotted line next to Form 1040, line 64a.
2. Be sure you enter the nontaxable combat pay you elect to include in earned income on Form 1040, line 64b. See *Combat pay, nontaxable* above.

Need more information or forms? See page 96.

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# Worksheet **A**—Earned Income Credit (EIC)—Lines 64a and 64b

Keep for Your Records



**Before you begin:** ✓ Be sure you are using the correct worksheet. Use this worksheet only if you answered "No" to Step 5, question 3, on page 50. Otherwise, use Worksheet B that begins on page 53.

## Part 1


### All Filers Using Worksheet A

1. Enter your earned income from Step 5 on page 50.

1

2. Look up the amount on line 1 above in the EIC Table on pages 55–71 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.

2

If line 2 is zero.  You cannot take the credit. Enter "No" on the dotted line next to line 64a.

3. Enter the amount from Form 1040, line 38.

3

4. Are the amounts on lines 3 and 1 the same?

- ☐ **Yes.** Skip line 5; enter the amount from line 2 on line 6.  
☐ **No.** Go to line 5.

## Part 2

### Filers Who Answered "No" on Line 4

5. If you have:

- No qualifying children, is the amount on line 3 less than \$7,500 (\$12,500 if married filing jointly)?
- 1 or more qualifying children, is the amount on line 3 less than \$16,450 (\$21,500 if married filing jointly)?

- ☐ **Yes.** Leave line 5 blank; enter the amount from line 2 on line 6.  
☐ **No.** Look up the amount on line 3 in the EIC Table on pages 55–71 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.  
 Look at the amounts on lines 5 and 2. Then, enter the **smaller** amount on line 6.

5

## Part 3

### Your Earned Income Credit

6. This is your earned income credit.

6

Enter this amount on Form 1040, line 64a.

#### Reminder—

✓ If you have a qualifying child, complete and attach Schedule EIC.



If your EIC for a year after 1996 was reduced or disallowed, see page 50 to find out if you must file Form 8862 to take the credit for 2010.

Need more information or forms? See page 96.

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**Foreign Earned Income Tax Worksheet—Line 44**

Keep for Your Records



If Form 1040, line 43, is zero, do not complete this worksheet.

- |   |    |       |
|---|----|-------|
| 1. Enter the amount from Form 1040, line 43 .....   | 1. | _____ |
| 2. Enter the amount from your (and your spouse's, if filing jointly) Form 2555, lines 45 and 50, or Form 2555-EZ, line 18 .....   | 2. | _____ |
| 3. Add lines 1 and 2 .....  | 3. | _____ |
| 4. <b>Tax on the amount on line 3.</b> Use the Tax Table, Tax Computation Worksheet, Qualified Dividends and Capital Gain Tax Worksheet*, Schedule D Tax Worksheet*, or Form 8615, whichever applies. See the instructions for line 44 on page 35 to see which tax computation method applies. (Do not use a second Foreign Earned Income Tax Worksheet to figure the tax on this line) ..... | 4. | _____ |
| 5. <b>Tax on the amount on line 2.</b> If the amount on line 2 is less than \$100,000, use the Tax Table to figure this tax. If the amount on line 2 is \$100,000 or more, use the Tax Computation Worksheet .....  | 5. | _____ |
| 6. Subtract line 5 from line 4. Enter the result. If zero or less, enter -0-. Also include this amount on Form 1040, line 44 .....  | 6. | _____ |

\*Enter the amount from line 3 above on line 1 of the Qualified Dividends and Capital Gain Tax Worksheet or Schedule D Tax Worksheet if you use either of those worksheets to figure the tax on line 4 above. Complete the rest of that worksheet through line 6 (line 10 if you use the Schedule D Tax Worksheet). Next, you must determine if you have a capital gain excess. To find out if you have a capital gain excess, subtract Form 1040, line 43, from line 6 of your Qualified Dividends and Capital Gain Tax Worksheet (line 10 of your Schedule D Tax Worksheet). If the result is more than zero, that amount is your capital gain excess.

If you do not have a capital gain excess, complete the rest of either of those worksheets according to the worksheet's instructions. Then complete lines 5 and 6 above.

If you have a capital gain excess, complete a second Qualified Dividends and Capital Gain Tax Worksheet or Schedule D Tax Worksheet (whichever applies) as instructed above but in its entirety and with the following additional modifications. Then complete lines 5 and 6 above. These modifications are to be made only for purposes of filling out the Foreign Earned Income Tax Worksheet above.

1. Reduce (but not below zero) the amount you would otherwise enter on line 3 of your Qualified Dividends and Capital Gain Tax Worksheet or line 9 of your Schedule D Tax Worksheet by your capital gain excess.
2. Reduce (but not below zero) the amount you would otherwise enter on line 2 of your Qualified Dividends and Capital Gain Tax Worksheet or line 6 of your Schedule D Tax Worksheet by any of your capital gain excess not used in (1) above.
3. Reduce (but not below zero) the amount on your Schedule D (Form 1040), line 18, by your capital gain excess.
4. Include your capital gain excess as a loss on line 16 of your Unrecaptured Section 1250 Gain Worksheet on page D-9 of the Instructions for Schedule D (Form 1040).



**Qualified Dividends and Capital Gain Tax Worksheet—Line 44**

Keep for Your Records



- Before you begin:**
- ✓ See the instructions for line 44 on page 35 to see if you can use this worksheet to figure your tax.
  - ✓ If you do not have to file Schedule D and you received capital gain distributions, be sure you checked the box on line 13 of Form 1040.

1. Enter the amount from Form 1040, line 43. However, if you are filing Form 2555 or 2555-EZ (relating to foreign earned income), enter the amount from line 3 of the worksheet on page 36	1.	
2. Enter the amount from Form 1040, line 9b*	2.	
3. Are you filing Schedule D?*		
<input type="checkbox"/> <b>Yes.</b> Enter the <b>smaller</b> of line 15 or 16 of Schedule D. If either line 15 or line 16 is a loss, enter -0-	3.	
<input type="checkbox"/> <b>No.</b> Enter the amount from Form 1040, line 13		
4. Add lines 2 and 3	4.	
5. If filing Form 4952 (used to figure investment interest expense deduction), enter any amount from line 4g of that form. Otherwise, enter -0-	5.	
6. Subtract line 5 from line 4. If zero or less, enter -0-	6.	
7. Subtract line 6 from line 1. If zero or less, enter -0-	7.	
8. Enter:		
\$34,000 if single or married filing separately, \$68,000 if married filing jointly or qualifying widow(er), \$45,550 if head of household.	8.	
9. Enter the smaller of line 1 or line 8	9.	
10. Enter the smaller of line 7 or line 9	10.	
11. Subtract line 10 from line 9. This amount is taxed at 0%	11.	
12. Enter the smaller of line 1 or line 6	12.	
13. Enter the amount from line 11	13.	
14. Subtract line 13 from line 12	14.	
15. Multiply line 14 by 15% (.15)	15.	
16. Figure the tax on the amount on line 7. If the amount on line 7 is less than \$100,000, use the Tax Table to figure this tax. If the amount on line 7 is \$100,000 or more, use the Tax Computation Worksheet	16.	
17. Add lines 15 and 16	17.	
18. Figure the tax on the amount on line 1. If the amount on line 1 is less than \$100,000, use the Tax Table to figure this tax. If the amount on line 1 is \$100,000 or more, use the Tax Computation Worksheet	18.	
19. <b>Tax on all taxable income.</b> Enter the <b>smaller</b> of line 17 or line 18. Also include this amount on Form 1040, line 44. If you are filing Form 2555 or 2555-EZ, do not enter this amount on Form 1040, line 44. Instead, enter it on line 4 of the worksheet on page 36	19.	

\*If you are filing Form 2555 or 2555-EZ, see the footnote in the worksheet on page 36 before completing this line.

# Form 1040—Lines 16a Through 20b

beneficiary, use your combined ages on the annuity starting date.

If you are the beneficiary of an employee who died, see Pub. 575. If there is more than one beneficiary, see Pub. 575 or Pub. 721 to figure each beneficiary's taxable amount.

## Cost

Your cost is generally your net investment in the plan as of the annuity starting date. It does not include pre-tax contributions. Your net investment should be shown in box 9b of Form 1099-R for the first year you received payments from the plan.

## Rollovers

Generally, a qualified rollover is a tax-free distribution of cash or other assets from one retirement plan that is contributed to another plan within 60 days of receiving the distribution. However, a qualified rollover to a Roth IRA is generally not a tax-free

## Simplified Method Worksheet—Lines 16a and 16b

Keep for Your Records



### Before you begin:

✓ If you are the beneficiary of a deceased employee or former employee who died **before** August 21, 1996, include any death benefit exclusion that you are entitled to (up to \$5,000) in the amount entered on line 2 below.

**Note.** If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 16b. Enter the total pension or annuity payments received in 2010 on Form 1040, line 16a.

1. Enter the total pension or annuity payments received in 2010. Also, enter this amount on Form 1040, line 16a	1.	
2. Enter your cost in the plan at the annuity starting date <b>Note.</b> If you completed this worksheet last year, skip line 3 and enter the amount from line 4 of last year's worksheet on line 4 below (even if the amount of your pension or annuity has changed). Otherwise, go to line 3.	2.	
3. Enter the appropriate number from <b>Table 1</b> below. <b>But</b> if your annuity starting date was <b>after</b> 1997 <b>and</b> the payments are for your life and that of your beneficiary, enter the appropriate number from <b>Table 2</b> below.	3.	
4. Divide line 2 by the number on line 3	4.	
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was <b>before</b> 1987, skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6	5.	
6. Enter the amount, if any, recovered tax free in years after 1986. If you completed this worksheet last year, enter the amount from line 10 of last year's worksheet	6.	
7. Subtract line 6 from line 2	7.	
8. Enter the <b>smaller</b> of line 5 or line 7	8.	
9. <b>Taxable amount.</b> Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040, line 16b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R. If you are a retired public safety officer, see <i>Insurance Premiums for Retired Public Safety Officers</i> on page 23 before entering an amount on line 16b	9.	
10. Was your annuity starting date before 1987? <input type="checkbox"/> <b>Yes.</b> <b>STOP</b> Leave line 10 blank. <input type="checkbox"/> <b>No.</b> Add lines 6 and 8. This is the <b>amount you have recovered tax free</b> through 2010. You will need this number when you fill out this worksheet next year	10.	

Table 1 for Line 3 Above

AND your annuity starting date was—

IF the age at annuity starting date (see page 23) was ...

55 or under  
56–60  
61–65  
66–70  
71 or older

before November 19, 1996,  
enter on line 3 ...

300  
260  
240  
170  
120

after November 18, 1996,  
enter on line 3 ...

360  
310  
260  
210  
160

Table 2 for Line 3 Above

IF the combined ages at annuity starting date (see page 23) were ...

110 or under  
111–120  
121–130  
131–140  
141 or older

THEN enter on line 3 ...

410  
360  
310  
260  
210

Need more information or forms? See page 96.

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**Social Security Benefits Worksheet—Lines 20a and 20b**

Keep for Your Records

**Before you begin:**

- ✓ Complete Form 1040, lines 21 and 23 through 32, if they apply to you.
- ✓ Figure any write-in adjustments to be entered on the dotted line next to line 36 (see the instructions for line 36 on page 33).
- ✓ If you are married filing separately and you lived apart from your spouse for all of 2010, enter "D" to the right of the word "benefits" on line 20a. If you do not, you may get a math error notice from the IRS.
- ✓ Be sure you have read the **Exception** on page 25 to see if you can use this worksheet instead of a publication to find out if any of your benefits are taxable.

1. Enter the total amount from **box 5** of all your **Forms SSA-1099** and **Forms RRB-1099**. Also, enter this amount on Form 1040, line 20a, ..... 1. 1.
2. Enter one-half of line 1 ..... 2. 2.
3. Combine the amounts from Form 1040, lines 7, 8a, 9a, 10 through 14, 15b, 16b, 17 through 19, and 21 ..... 3. 3.
4. Enter the amount, if any, from Form 1040, line 8b ..... 4. 4.
5. Combine lines 2, 3, and 4 ..... 5. 5.
6. Enter the total of the amounts from Form 1040, lines 23 through 32, plus any write-in adjustments you entered on the dotted line next to line 36 ..... 6. 6.
7. Is the amount on line 6 less than the amount on line 5?
  - ☐ **No.** None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b.
  - ☐ **Yes.** Subtract line 6 from line 5 ..... 7. 7.
8. If you are:
  - Married filing jointly, enter \$32,000
  - Single, head of household, qualifying widow(er), or married filing separately and you **lived apart** from your spouse for all of 2010, enter \$25,000
  - Married filing separately and you lived with your spouse at any time in 2010, skip lines 8 through 15; multiply line 7 by 85% (.85) and enter the result on line 16. Then go to line 178.
9. Is the amount on line 8 less than the amount on line 7?
  - ☐ **No.** None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b. If you are married filing separately and you **lived apart** from your spouse for all of 2010, be sure you entered "D" to the right of the word "benefits" on line 20a.
  - ☐ **Yes.** Subtract line 8 from line 7 ..... 9. 9.
10. Enter: \$12,000 if married filing jointly; \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you **lived apart** from your spouse for all of 2010 ..... 10. 10.
11. Subtract line 10 from line 9. If zero or less, enter -0- ..... 11. 11.
12. Enter the **smaller** of line 9 or line 10 ..... 12. 12.
13. Enter one-half of line 12 ..... 13. 13.
14. Enter the **smaller** of line 2 or line 13 ..... 14. 14.
15. Multiply line 11 by 85% (.85). If line 11 is zero, enter -0- ..... 15. 15.
16. Add lines 14 and 15 ..... 16. 16.
17. Multiply line 1 by 85% (.85) ..... 17. 17.
18. **Taxable social security benefits.** Enter the **smaller** of line 16 or line 17. Also enter this amount on Form 1040, line 20b ..... 18. 18.



**TIP** If any of your benefits are taxable for 2010 and they include a lump-sum benefit payment that was for an earlier year, you may be able to reduce the taxable amount. See Pub. 915 for details.

Need more information or forms? See page 96.

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Form 1040—Line 40

2008 or 2009, or paid sales or excise taxes on a new motor vehicle purchased in 2009.



If you received a refund in 2010 of an amount that increased your standard deduction in an earlier year, you generally have

to include the refund in your income. See Recoveries in Pub. 525.



At the time these instructions went to print, Congress was considering legislation that would provide an increased

standard deduction for real estate taxes or a net disaster loss occurring in 2010. To find out if this legislation was enacted, and for more details, see Schedule L or check IRS.gov.

Standard Deduction Worksheet—Line 40

Keep for Your Records



Complete this worksheet only if *Exception 1* on page 33 applies to you. Do not complete this worksheet if you checked the box on line 39b; your standard deduction is zero. Also, do not complete this worksheet if you must use Schedule L to figure your standard deduction (see *Exception 2* on page 33).

1. Enter the amount shown below for your filing status.
  - Single or married filing separately—\$5,700
  - Married filing jointly or Qualifying widow(er)—\$11,400
  - Head of household—\$8,400
2. Can you (or your spouse if filing jointly) be claimed as a dependent on someone else's return?
  - ☐ No. Enter the amount from line 1 on line 4, skip line 3, and go to line 5.
  - ☐ Yes. Go to line 3.
3. Is your **earned income**\* more than \$650?
  - ☐ Yes. Add \$300 to your earned income. Enter the total
  - ☐ No. Enter \$950
4. Enter the **smaller** of line 1 or line 3.
5. If born before January 2, 1946, or blind, multiply the number on Form 1040, line 39a, by \$1,100 (\$1,400 if single or head of household). Otherwise, enter -0-
6. Add lines 4 and 5. Enter the total here and on Form 1040, line 40.

\***Earned income** includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Generally, your earned income is the total of the amount(s) you reported on Form 1040, lines 7, 12, and 18, minus the amount, if any, on line 27.

Need more information or forms? See page 96.

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# Student Loan Interest Deduction Worksheet—Line 33

Keep for Your Records



**Before you begin:** ✓ Figure any write-in adjustments to be entered on the dotted line next to line 36 (see the instructions for line 36 on page 33).  
 ✓ Be sure you have read the **Exception** above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.

1. Enter the total interest you paid in 2010 on qualified student loans (see above). <b>Do not</b> enter more than \$2,500.	1.	
2. Enter the amount from Form 1040, line 22.	2.	
3. Enter the total of the amounts from Form 1040, lines 23 through 32, plus any write-in adjustments you entered on the dotted line next to line 36.	3.	
4. Subtract line 3 from line 2.	4.	
5. Enter the amount shown below for your filing status.	5.	
<ul style="list-style-type: none"> <li>• Single, head of household, or qualifying widow(er)—\$60,000</li> <li>• Married filing jointly—\$120,000</li> </ul>		
6. Is the amount on line 4 more than the amount on line 5?	6.	
<input type="checkbox"/> <b>No.</b> Skip lines 6 and 7, enter -0- on line 8, and go to line 9. <input type="checkbox"/> <b>Yes.</b> Subtract line 5 from line 4.		
7. Divide line 6 by \$15,000 (\$30,000 if married filing jointly). Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000.	7.	
8. Multiply line 1 by line 7.	8.	
9. <b>Student loan interest deduction.</b> Subtract line 8 from line 1. Enter the result here and on Form 1040, line 33. <b>Do not</b> include this amount in figuring any other deduction on your return (such as on Schedule A, C, E, etc.)	9.	

Need more information or forms? See page 96.

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# RETEST QUESTIONS

The retest questions are all based on the test scenarios. There are mini-scenarios and questions in Basic, Intermediate, Advanced, Military, and International. The Interview Notes for the mini-scenarios are included on the following pages.

To answer the retest questions for return preparation scenarios, refer to the Interview Notes, Intake/Interview & Quality Review Sheet, and taxpayer documents provided in the test scenarios beginning on page 1-6 of this booklet.



# Retest Answer Sheet

Name \_\_\_\_\_

Record all your answers on this tear-out page.

Your Instructor will tell you where to send your

Retest Answer Sheet for grading. Be sure to complete

and sign the Form 13615, Volunteer Agreement.

## Privacy Act Notice

The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory.

Our legal right to ask for information is 5 U.S.C. 301.

We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers.

Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

Question	Answer
<b>Basic Scenario 1</b>	
1.1	
1.2	
<b>Basic Scenario 2</b>	
2.1	
2.2	
<b>Basic Scenario 3</b>	
3.1	
3.2	
<b>Basic Scenario 4</b>	
4.1	
4.2	
<b>Basic Scenario 5</b>	
5.1	
5.2	
<b>Basic Scenario 6</b>	
6.1	
6.2	
6.3	
6.4	
6.5	
6.6	
6.7	
<b>Basic Scenario 7</b>	
7.1	
7.2	
7.3	
7.4	
7.5	
7.6	
7.7	
7.8	
<b>Basic Scenario 8</b>	
8.1	
8.2	
8.3	
8.4	
8.5	
Total Answers Correct: _____	
Total Questions: 30	
Passing Score: 24 of 30	

Question	Answer
<b>Intermediate Scenario 1</b>	
9.1	
9.2	
<b>Intermediate Scenario 2</b>	
10.1	
10.2	
<b>Intermediate Scenario 3</b>	
11.1	
11.2	
11.3	
11.4	
11.5	
11.6	
11.7	
<b>Intermediate Scenario 4</b>	
12.1	
12.2	
12.3	
12.4	
12.5	
12.6	
12.7	
12.8	
12.9	
Total Answers Correct: _____	
Total Questions: 20	
Passing Score: 16 of 20	

Question	Answer
<b>Advanced Scenario 1</b>	
13.1	
13.2	
<b>Advanced Scenario 2</b>	
14.1	
14.2	
<b>Advanced Scenario 3</b>	
15.1	
15.2	
<b>Advanced Scenario 4</b>	
16.1	
16.2	
16.3	
16.4	
16.5	
16.6	
16.7	
16.8	
16.9	
Total Answers Correct: _____	
Total Questions: 15	
Passing Score: 12 of 15	

Question	Answer
<b>Military Scenario 1</b>	
17.1	
17.2	
<b>Military Scenario 2</b>	
18.1	
18.2	
<b>Military Scenario 3</b>	
19.1	
19.2	
19.3	
19.4	
19.5	
19.6	
19.7	
19.8	
19.9	
19.10	
19.11	
<b>Military Scenario 4</b>	
20.1	
20.2	
20.3	
20.4	
20.5	
Total Answers Correct: _____	
Total Questions: 20	
Passing Score: 16 of 20	

Question	Answer
<b>International Scenario 1</b>	
21.1	
21.2	
21.3	
21.4	
<b>International Scenario 2</b>	
22.1	
22.2	
<b>International Scenario 3</b>	
23.1	
23.2	
<b>International Scenario 4</b>	
24.1	
24.2	
24.3	
24.4	
24.5	
24.6	
24.7	
24.8	
24.9	
Total Answers Correct: _____	
Total Questions: 17	
Passing Score: 14 of 17	

The first five short scenarios are designed to measure key competencies related to dependency exemptions and related tax benefits. These first five scenarios do not require you to prepare a tax return. Read each scenario carefully and use your training and reference tools to answer the questions after the scenario.

## Basic Scenario 1: Elizabeth Ripon

---

### Interview Notes

- Theresa, who is single, lost her job in 2009. She and her eight-year-old son Julian moved in with a friend of the family, Elizabeth. Theresa and Julian lived there the entire year of 2010.
- Julian's father died in 2007.
- Elizabeth paid all the cost of keeping up her home.
- Elizabeth, who is single, provided all of Theresa's and Julian's support during 2010.
- Elizabeth's total earned income in 2010 was \$42,000.
- Neither Theresa nor Julian received any income in 2010.
- Elizabeth, Theresa, and Julian are U.S. citizens and have valid social security numbers.

## Basic Scenario 1: Retest Questions

---

### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 1.1 What is Elizabeth's correct filing status?
  - a. Single
  - b. Married Filing Jointly
  - c. Married Filing Separately
  - d. Head of Household
- 1.2 Elizabeth can claim both Theresa and Julian as dependents.
  - a. True
  - b. False

## Basic Scenario 2: Sarah Pope

---

### Interview Notes

- Sarah is 23 years old, single, and a full-time student.
- Sarah lived with her parents all year and did not pay rent or household bills.
- Sarah did not provide over half of her own support.
- In 2010, Sarah worked at a department store and earned \$6,500, which was her total income for the year.
- Sarah's federal income tax withholding was \$500.
- Sarah and her parents are U.S. citizens and have valid social security numbers.

## Basic Scenario 2: Retest Questions

---

### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 2.1** Sarah is entitled to claim one personal exemption.
- a. True
  - b. False
- 2.2** What is the amount of Sarah's making work pay credit?
- a. \$0
  - b. \$250
  - c. \$400
  - d. \$600



## Basic Scenario 3: Natasha Jefferson

---

### Interview Notes

- Natasha Jefferson and Daniel Newport are both single and were never married. They have not lived together for three years.
- They have one child, Hannah, age 4.
- In 2010, Hannah lived with Natasha the entire year. Daniel lived alone.
- Natasha and Daniel provided all of Hannah's support.
- In 2010, Natasha worked and earned \$18,000. Daniel worked and earned \$33,000.
- Daniel pays the rent and utilities for Natasha's apartment, and often gives Natasha grocery money. He is providing over half the cost of maintaining the home for Natasha and Hannah.
- Daniel does not pay household expenses for any other family member.
- Natasha, Daniel, and Hannah are U.S. citizens and have valid social security numbers.

## Basic Scenario 3: Retest Questions

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### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 3.1** Hannah is Daniel's qualifying person for Head of Household filing status.
- a. True
  - b. False
- 3.2** Only Natasha can claim Hannah as a qualifying child for the Earned Income Credit (EIC).
- a. True
  - b. False

## Basic Scenario 4: Aiden and Isabel Stillwater

---

### Interview Notes

- Aiden and Isabel are married and lived together in the U.S. for all of 2010 with their two sons, Rafael, age 2, and Edward, age 3.
- Aiden and Isabel have Individual Taxpayer Identification Numbers (ITINs).
- Aiden and Isabel have lived in the U.S. for 5 years.
- Aiden and Isabel both worked and their combined wages were \$39,500, which was their only income.
- Aiden and Isabel provided all the support for Rafael and Edward.
- They paid Suffolk Day Care \$1,000 a year to take care of Rafael and Edward, while they worked.
- Rafael and Edward are both U.S. citizens and have valid social security numbers (SSNs).

## Basic Scenario 4: Retest Questions

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### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 4.1** Aiden and Isabel are filing a joint return. They **cannot** claim Rafael and Edward as dependents.
- a. True
  - b. False
- 4.2** Do Aiden and Isabel qualify for **all** the following credits: earned income credit, child tax credit, and dependent care credit?
- a. Yes
  - b. No

## Basic Scenario 5: Lisa Bolivar

---

### Interview Notes

- Lisa Bolivar is 36 years old.
- Oliver, who is single, is Lisa's 45-year-old brother and he is permanently and totally disabled.
- Their parents are deceased.
- Oliver lived with Lisa in her home all of 2010.
- In 2010, Oliver received Form SSA-1099 showing social security disability benefits of \$11,000, his only income. Oliver provided all of his own support with this income.
- Lisa worked as a clerk and earned \$26,500.
- Lisa and Oliver are U.S. citizens and have valid social security numbers.

## Basic Scenario 5: Retest Questions

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### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 5.1** The reason Lisa cannot claim Oliver as her dependent is because he is over the age limit.
- a. True
  - b. False
- 5.2** Is Lisa eligible to claim Earned Income Credit (EIC)?
- a. No, because Oliver does not meet the requirements of a qualifying child for the EIC.
  - b. No, Lisa must be able to claim Oliver as her dependent in order to claim the EIC.
  - c. Yes, because Oliver has no earned income.
  - d. Yes, she can claim EIC because Oliver passes the test to be a qualifying child under the EIC eligibility requirements.



## Basic Scenario 6: Retest Questions

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### Directions

Refer to the scenario information for James and Bridget Thurston beginning on page 1-6. Refer to the interview notes for special guidance related to Form 6251 and nonrefundable credits for this scenario.

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 6.1** What is the taxable amount of social security benefits?
- a. \$0
  - b. \$6,000
  - c. \$6,170
  - d. \$12,000
- 6.2** The Thurstons' total federal income tax withholding is \$\_\_\_\_\_.
- 6.3** What is the Thurstons' standard deduction?
- a. \$11,400
  - b. \$12,500
  - c. \$13,500
  - d. \$13,700
- 6.4** The amount of retirement savings contribution credit on Form 8880 is \$100.
- a. True
  - b. False
- 6.5** The amount of the Thurstons' making work pay credit on Form 1040, page 2 is \$\_\_\_\_\_.
- 6.6** James and Bridget told you that they would not be able to pay the amount they owe by April 18, 2011. You advise them to file on time and to pay as much as they can with the return. Will this help them reduce the amount of interest and penalties?
- a. Yes
  - b. No
- 6.7** The Thurstons did **not** correctly complete the Intake and Interview Sheet based on the taxpayer documents.
- a. True
  - b. False

## Basic Scenario 7: Retest Questions

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### Directions

Read the information for Ashley Sawyer beginning on page 1-14. Refer to the interview notes for special guidance related to Form 6251 and nonrefundable credits for this scenario.

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 7.1** Ashley's filing status is Single.
- a. True
  - b. False
- 7.2** What is the total amount of adjustments used to determine adjusted gross income for Ashley's Form 1040, page 1? \$\_\_\_\_\_
- 7.3** Ashley's standard deduction is \$8,400.
- a. True
  - b. False
- 7.4** What is the credit for child and dependent care expenses on Form 2441? \$\_\_\_\_\_
- 7.5** Do all of Ashley's children qualify her for the child tax credit?
- a. Yes
  - b. No
- 7.6** What is the amount of Ashley's earned income credit in the Payments section on Form 1040?
- a. 0
  - b. \$1,830
  - c. \$2,459
  - d. \$3,333
- 7.7** The amount of the additional child tax credit in the Payments section of Ashley's return is \$3,000.
- a. True
  - b. False
- 7.8** To buy a savings bond with part of her federal tax refund, Ashley would use Form 8888.
- a. True
  - b. False

## Basic Scenario 8: Retest Questions

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### Directions

Refer to the scenario information for Serena Livingston beginning on page 1-23.

You are conducting a quality review of Serena's tax return, which was prepared by another volunteer tax preparer. Serena is sitting with you as you conduct the review. Using Form 13614-C, your resource materials, and all of the taxpayer's documents, conduct a quality review of the tax return and answer the questions below. Form 13614-C, Section C, should be completed for this review.

- 8.1** Which of the following was entered on Form 1040 incorrectly?
- a. Erika's name
  - b. Charlie's name
  - c. Serena's name
  - d. All of the above
- 8.2** Are all the social security numbers entered correctly on Form 1040?
- a. Yes
  - b. No
- 8.3** Serena's correct adjusted gross income is \$\_\_\_\_\_.
- 8.4** The amount of federal income tax withheld from Serena's Forms W-2 and reported on Form 1040, page 2 is correct.
- a. True
  - b. False
- 8.5** Does Serena qualify for EIC?
- a. Yes
  - b. No



The first two scenarios do not require you to prepare a tax return. Read the scenario carefully and use your training and reference tools to answer the questions after the scenario.

## Intermediate Scenario 1: Kathy Greenlee

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### Interview Notes

- Kathy is 53 years old.
- Kathy and her husband, Miles, have lived apart for two years but have not legally separated or divorced. Kathy does not want to file a tax return with him.
- Kathy's 22-year-old unmarried son, Alex, lost his job and moved into Kathy's house in November 2009. He is not a student and is not disabled.
- Alex lived with his mother for all of 2010.
- Alex's Form 1099-G shows unemployment compensation of \$7,150. This was his only income.
- Kathy paid all the household expenses and provided over half of Alex's support.
- Kathy, Miles, and Alex are all U.S. citizens and have valid social security numbers.

## Intermediate Scenario 1: Retest Questions

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### Directions

Using your resource materials and above interview notes, answer the following questions.

- 9.1** Kathy's correct filing status is Head of Household.
- a. True
  - b. False
- 9.2** What is the amount of Alex's making work pay credit? \$\_\_\_\_\_

## Intermediate Scenario 2: Alonzo Maricopa

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### Interview Notes

- Alonzo's correct filing status is Single, and he is 32 years old.
- Alonzo's wages are \$27,000.
- He plans to itemize his deductions.
- For the last 2 years, Alonzo has been employed at the same job site in a nearby town. He drives 20 miles from home to work and 20 miles back from work to home for a total of 10,000 miles in 2010.
- Alonzo is employed as a construction worker. He brought in receipts for the following job related expenses:
  - Union dues
  - Hard hat (required by employer)
  - Jeans
  - Saw blades and sandpaper (used for work but will last less than one year)
- Alonzo is a U.S. citizen and has a valid social security number.

## Intermediate Scenario 2: Retest Question

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### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 10.1** Since Alonzo wears jeans on the job, he can deduct this expense on Schedule A.
- a. True
  - b. False
- 10.2** Alonzo can deduct his mileage from home to the job site on Schedule A.
- a. True
  - b. False

## Intermediate Scenario 3: Retest Questions

---

### Directions

Read the information for Evan James Dawson, beginning on page 2-3.

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer the following questions. Refer to the interview notes for special guidance related to Form 6251 and nonrefundable credits for this scenario.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 11.1** What is Evan's total deduction for taxes paid on Schedule A, line 9? \$\_\_\_\_\_
- 11.2** Evan's total interest deduction on Schedule A, line 15 is \$\_\_\_\_\_.  
a. \$704  
b. \$5,252  
c. \$5,956  
d. \$7,275
- 11.3** The total deduction in the Gifts to Charity section of Evan's Schedule A is \$\_\_\_\_\_.
- 11.4** Course-related books are a qualifying expense for the American opportunity credit.  
a. True  
b. False
- 11.5** What is the refundable amount of American opportunity credit on Section III of Evan's Form 8863? \$\_\_\_\_\_
- 11.6** What is the exception code Evan must use on his Form 5329 to eliminate the additional tax on the early distribution?  
a. 01  
b. 05  
c. 09  
d. Evan is not eligible for an exemption to the tax on his early distribution.
- 11.7** What form should Evan use to calculate the repayment of the first-time home-buyer credit? Form \_\_\_\_\_



## Intermediate Scenario 4: Retest Questions

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### Directions

Refer to the scenario information for Andrew and Lily Archuleta, beginning on page 2-12. Refer to the interview notes for special guidance related to Form 6251 and nonrefundable credits for this scenario.

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 12.1** What is the amount of Lily's gross receipts from her manicurist business?
- a. \$4,500
  - b. \$19,800
  - c. \$21,800
  - d. \$28,800
- 12.2** Lily must use Schedule C instead of Schedule C-EZ to report her business income and expenses because her expenses total more than \$\_\_\_\_\_.
- 12.3** How many business miles can be used to compute the deductible mileage expense for Lily's manicurist business? \_\_\_\_\_
- 12.4** How much can Lily deduct as a business expense for car repair?
- a. \$0 because she is using the standard mileage rate
  - b. \$125 because she uses the car for business about half the time
  - c. \$250 because she would not be able to get to work without her car
  - d. \$250, but only if they itemize deductions and list the car repair expense on Schedule A
- 12.5** What is the taxable portion of Andrew's pension in the Income section of Form 1040, page 1?
- a. \$0
  - b. \$2,275
  - c. \$22,756
  - d. \$24,840

- 12.6** What percentage of the self-employment tax calculated on Schedule SE can be used as an adjustment to income on Form 1040, page 1? \_\_\_\_\_ %
- 12.7** How do you properly report qualified student loan interest paid?
- a. As an expense for an education credit
  - b. As an adjustment to income on Form 1040, page 1
  - c. As an itemized deduction on Schedule A
  - d. On Form 1040, Other Income, line 21
- 12.8** What is **not** an eligible expense for the nonbusiness energy property credit?
- a. Insulation designed to reduce heat gain or loss in the home
  - b. An energy-efficient furnace, including installation cost
  - c. Compact fluorescent light bulbs (CFLs)
  - d. Energy-efficient exterior doors
- 12.9** Lily says that they have a balance due on their return every year. One way to avoid this would be to make estimated tax payments during the tax year.
- a. True
  - b. False

The first three scenarios do not require you to prepare a tax return. Read the scenario carefully and use your training and reference tools to answer the questions after the scenario.

## Advanced Scenario 1: Jacob McPherson

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### Interview Notes

- On March 7, 2009, Jacob inherited 200 shares of PDQ stock from his Great-uncle Thomas.
- The fair market value on the date of Thomas's death in 2009 was \$20.00 per share.
- Jacob sold some of the stock and received Form 1099-B reporting the following information:
  - Date of sale: 1/15/2010
  - Number of shares sold: 100 shares of PDQ Stock
  - Gross proceeds less commission: \$3,200
- The decedent's original cost basis was \$15 per share.
- Jacob is a U.S. citizen and has a valid social security number.

## Advanced Scenario 1: Retest Questions

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### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 13.1** What is the cost or other basis of Jacob's inherited stock as reported on Form 1040, Schedule D? \$\_\_\_\_\_
- 13.2** Jacob's holding period for his 2010 sale of stock is long-term.
- a. True
  - b. False



## Advanced Scenario 2: Ross Campbell

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### Interview Notes

- Ross is single and purchased his home in 2004 for \$220,000.
- In 2006 Ross added a two-car garage at a cost of \$20,000.
- In 2009 Ross repainted the interior at a cost of \$1,000.
- Ross lived in the house as his main home until he sold it on June 18, 2010.
- Ross sold the home for \$190,000 and received a Form 1099-S reporting the sale.
- Ross is a U.S. citizen and has a valid social security number.

## Advanced Scenario 2: Retest Questions

---

### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 14.1** The loss from the sale of Ross's home is deductible.
- a. True
  - b. False
- 14.2** Which expenditures can Ross use to adjust the basis of his home?
- a. None, his basis is his original purchase price.
  - b. He can add the cost of the new paint.
  - c. He can add the cost of the new garage.
  - d. He can add the cost of the new garage and the cost of the new paint.

## Advanced Scenario 3: Gabriella Lafayette

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### Interview Notes

- On June 1, 2007, Gabriella purchased 1,000 shares of the ABC mutual fund for \$10,000.
- On December 27, 2010, the fund paid a capital gain distribution of \$500 that was reinvested to purchase an additional 100 shares.
- The fund did not pay dividends.
- Gabriella received Form 1099-DIV reporting the capital gain distribution, and a year-end statement showing \$5,500 as the December 31, 2010 value of her 1,100 shares.
- This is Gabriella's only investment account and she did not sell any shares in 2010.

## Advanced Scenario 3: Retest Questions

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### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 15.1** Gabriella's capital gain distribution should appear on Form 1040, line 9a.
- a. True
  - b. False
- 15.2** The decline in value of Gabriella's investment will create a deductible loss on her 2010 Form 1040, line 13.
- a. True
  - b. False

## Advanced Scenario 4: Retest Questions

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### Directions

Refer to the scenario information for Nathan and Phoebe Wheeler, beginning on page 3-4. Refer to the interview notes for special guidance related to Form 6251 and nonrefundable credits for this scenario.

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 16.1** The interest income from Nathan's Form 1120S, Schedule K-1, should appear on Form 1040, Line 8a, Taxable interest.
- a. True
  - b. False
- 16.2** The royalty income from Nathan's Form 1120S, Schedule K-1, should appear on Form 1040, Line 21, Other income.
- a. True
  - b. False
- 16.3** The sale of ABC stock is:
- a. Not reported on Form 1040, Schedule D
  - b. A capital gain distribution
  - c. A short-term transaction
  - d. A long-term transaction
- 16.4** What is the amount of long-term capital gain or (loss) from Schedule D, line 15? \$ \_\_\_\_\_
- 16.5** Which of the following is used to calculate the taxable portion of Nathan's pension?
- a. Nathan's current age
  - b. Nathan's and Phoebe's current ages
  - c. The age of the younger spouse
  - d. Nathan's and Phoebe's ages at the annuity starting date
- 16.6** How much, if any, of the \$20,000 distribution reported on Form 1099-R is **excluded** from income? \$ \_\_\_\_\_
- 16.7** What amount, if any, should Nathan report as gambling income on Form 1040, line 21? \$ \_\_\_\_\_

- 16.8** How should Nathan and Phoebe report the foreign tax that appears on their substitute Form 1099-DIV?
- a. As qualified dividends
  - b. As other income
  - c. As an adjustment to gross income
  - d. As a tax credit
- 16.9** After you complete the Wheelers' 2010 tax return, Phoebe shows you a Form W-2 from 2009. She received the W-2 in the mail after their 2009 return was filed. It is acceptable to add the data from the 2009 Form W-2 to the 2010 tax return.
- a. True
  - b. False



The first two scenarios do not require you to prepare a tax return. Read the scenario carefully and use your training and reference tools to answer the questions after the scenario.

## **Military Scenario 1: Richard and Violet Callaway**

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### **Interview Notes**

- Richard and Violet have been married for 40 years.
- Richard's birth date is May 9, 1944.
- Violet's birth date is August 2, 1946.
- Violet retired on December 31, 2009, and began drawing a monthly pension in January 2010.
- Richard is still employed.
- The pension plan is a qualified plan and will be paid as a single annuity over Violet's lifetime.
- The gross distribution reported on Form 1099-R for 2010 was \$32,400.
- The total employee contribution to the plan was \$52,000.
- Richard and Violet are U.S. citizens and have valid social security numbers.

## **Military Scenario 1: Retest Questions**

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### **Directions**

Using your resource materials and the above interview notes, answer the following questions.

- 17.1** The taxable pension amount reported on Form 1040, line 16b is \$29,429.
- a. True
  - b. False
- 17.2** Age is not a factor in computing Violet's taxable pension.
- a. True
  - b. False

## Military Scenario 2: Benjamin and Avery Merrimack

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### Interview Notes

- Benjamin and Avery live in Dallas, Texas, where Benjamin joined the Air Force. He finished his training and will be stationed in Tucson, Arizona, for two years. This is a permanent change of station (PCS).
- Avery and their two children traveled separately from Benjamin and drove the family van with their pets. They stopped in Lubbock, Texas, to see Avery's parents for a long weekend and then traveled on to Arizona. Their trip took a total of six days instead of the authorized two days and one night.
- They decided to make a Do It Yourself (DITY) move and save money.
- Their move was estimated to cost \$5,500, and the Air Force provided \$5,000 in advance.
- Their cost for moving household goods was \$3,400, gas was \$325, lodging cost was \$150, and Benjamin's airfare was \$250.
- All expenses are considered reasonable; they are correctly documented and totaled \$4,125.
- Benjamin, Avery, and their children are U.S. citizens and have valid social security numbers.

## Military Scenario 2: Retest Questions

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### Directions

Using your resource materials and the above interview notes, answer the following question.

- 18.1** Benjamin received a Form W-2 for \$875 for the DITY move. This amount should appear on Form 1040, line 7.
- a. True
  - b. False
- 18.2** Which of the following is **not** considered an allowable moving expense?
- a. Cost of moving household goods
  - b. Cost of food while traveling to new duty station
  - c. Cost of airfare to new duty location
  - d. Cost of mileage while traveling to new duty location

## Military Scenario 3: Retest Questions

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### Directions

Refer to the scenario information for Katarina Benton and Lucas Marion beginning on page 4-3. Refer to the interview notes for special guidance related to Form 6251 and nonrefundable credits.

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 19.1** If Katarina does not file a joint return with Lucas, she may choose to file as Head of Household, even though she lived with Lucas during the last six months of the tax year.
- a. True
  - b. False
- 19.2** What is the correct total number of exemptions that Katarina and Lucas can claim on their joint return?
- a. 1
  - b. 2
  - c. 3
  - d. 4
- 19.3** Katarina's combat zone income from Form W-2, box 12a, should not be reported as wages, salaries, and tips in the Income section of Form 1040.
- a. True
  - b. False
- 19.4** The long-term gain or loss on Schedule D, line 15 is:
- a. \$1,150 gain
  - b. \$1,150 loss
  - c. \$2,000 gain
  - d. \$2,000 loss
- 19.5** The amount of rental real estate income or loss on Form 1040 is \$\_\_\_\_\_.

- 19.6** The correct standard mileage rate on Katarina's Form 2106-EZ, line 1, is 50 cents per mile.
- a. True
  - b. False
- 19.7** What are the total adjustments to gross income on Form 1040?
- a. \$338
  - b. \$676
  - c. \$900
  - d. \$2,388
- 19.8** Katarina can deduct the reservists' expenses as an adjustment to income since she travels over 100 miles for reservist training.
- a. True
  - b. False
- 19.9** Katarina is required to file Form 1116.
- a. True
  - b. False
- 19.10** What is the amount of the foreign tax credit reported in the Tax and Credits section of Form 1040? \$\_\_\_\_\_.
- 19.11** Katarina and Lucas are filing a joint return. The amount of the making work pay credit on their joint return is \$\_\_\_\_\_.



## Military Scenario 4: Retest Questions

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### Directions

Refer to the scenario information for Sebastien and Michelle Decatur, beginning on page 4-13.

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 20.1** The sale of the Decaturs' personal residence must be reported on their tax return.
- a. True
  - b. False
- 20.2** On Form 1099-R, box 7, numerical code 4 indicates which of the following?
- a. Distribution due to death
  - b. Normal distribution
  - c. Early distribution, no known exception
  - d. Distribution due to disability
- 20.3** What is the Decaturs' total income reported in the Income section of Form 1040?
- a. \$17,330
  - b. \$18,225
  - c. \$19,605
  - d. \$29,605
- 20.4** The Decaturs could include combat pay as earned income for purposes of calculating the earned income credit, if it results in a higher credit.
- a. True
  - b. False
- 20.5** The Decaturs' earned income credit is \$3,050.
- a. True
  - b. False

The first two scenarios do not require you to prepare a tax return. Read the scenario carefully and use your training and reference tools to answer the questions after the scenario.

## International Scenario 1: Russell and Annabelle Marquette

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### Interview Notes

- Russell is a U.S. citizen and has a valid social security number. Russell and Annabelle are married and live in Switzerland.
- Annabelle is a Swiss foreign national (citizen of Switzerland).
- Russell's total income was \$75,000.
- Annabelle has an ITIN but had no income and has never lived in the U.S.
- Russell's 17-year-old daughter, Caitlin, lives with them. Caitlin's mother died in 2005. Caitlin is a U.S. citizen and has a valid social security number.
- Russell provided all the financial support for Caitlin.
- Annabelle has 4-year-old twins, Spencer and Max, both Swiss citizens, who lived with Russell and Annabelle in Switzerland for all of 2010.
- Russell is not the father of the twins and has not adopted them.

## International Scenario 1: Retest Questions

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### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 21.1** Russell can claim a dependency exemption for Caitlin.
- a. True
  - b. False
- 21.2** Russell can claim dependency exemptions for both Spencer and Max.
- a. True
  - b. False
- 21.3** If Russell and Annabelle do not file a joint return, Russell can file as Head of Household and claim a personal exemption for Annabelle.
- a. True
  - b. False

- 21.4** Caitlin is Russell's only qualifying person for the Head of Household filing status.
- a. True
  - b. False

## International Scenario 2: Sam and Karen Floyd

---

### Interview Notes

- Sam and Karen Floyd currently live in London. They moved there on January 20, 2010, for Karen's temporary job assignment. They are U.S. citizens and have valid social security numbers.
- They left for a visit to the U.S. on July 1, 2010, and returned to London on July 15, 2010.
- They also spent 14 days sightseeing in France and Spain, in August.
- They currently rent a home in London and sublet their apartment in the U.S.

## International Scenario 2: Retest Questions

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### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 22.1** Sam and Karen meet the requirements of the physical presence test and can exclude their foreign earned income.
- a. True
  - b. False
- 22.2** The 14-day sightseeing trip counts toward the 330-day requirement for the physical presence test.
- a. True
  - b. False

## International Scenario 3: John and Laura Morton

---

### Interview Notes

- John and Laura are married and plan to file a joint return.
- John's birth date is February 5, 1944.
- Laura's birth date is June 1, 1946.
- Laura retired on December 31, 2009, and began drawing a monthly pension in January 2010.
- John is still employed.
- The pension plan is a qualified plan and will be paid as a joint and survivor annuity over Laura's and John's lifetime.
- The gross distribution reported on Form 1099-R for 2010 was \$10,200.
- The total employee contribution to the plan was \$46,500.
- John and Laura are U.S. citizens and have valid social security numbers.

## International Scenario 3: Retest Questions

---

### Directions

Using your resource materials and the above interview notes, answer the following questions.

- 23.1** The taxable portion of Laura's pension distribution is \$8,054.
- a. True
  - b. False
- 23.2** Only Laura's age is used to compute the taxable portion of her pension distribution.
- a. True
  - b. False



## International Scenario 4: Retest Questions

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### Directions

Refer to the scenario information for David and Miriam Fulton, beginning on page 5-5.

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer the following questions. Refer to the interview notes for special guidance related to Form 6251 and certain worksheets.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

- 24.1** The Fultons' total wages reported in the Income section of Form 1040 is \$35,500.
- a. True
  - b. False
- 24.2** The net business income reported in the Income section of Form 1040 is \$17,600.
- a. True
  - b. False
- 24.3** What is the net short-term capital gain or loss on Schedule D, line 7?
- a. \$0
  - b. (\$1,000)
  - c. (\$5,000)
  - d. \$10,000
- 24.4** The net long-term capital gain or loss on Schedule D, line 15 is (\$11,000).
- a. True
  - b. False
- 24.5** The bona fide residence ending date on Form 2555 is?
- a. 12/31/2010
  - b. Open
  - c. 6/23/2004
  - d. Continues
- 24.6** The correct amount reported on the other income line on Form 1040, page 1 is:
- a. (\$16,357)
  - b. (\$17,600)
  - c. (\$21,500)
  - d. \$21,500

- 24.7** Earned income received from the U.S. Government for working abroad as an employee qualifies for the foreign earned income exclusion.
- a. True
  - b. False
- 24.8** What is the amount of the Foreign Tax Credit in the Tax and Credits section of Form 1040?
- a. \$110
  - b. \$275
  - c. \$429
  - d. \$2,119
- 24.9** Which section of the Fultons' return is the total amount of self employment tax shown?
- a. Income section
  - b. Tax and Credits section
  - c. Payments section
  - d. Other Taxes









