CHAPTER 2

GROSS INCOME AND EXCLUSIONS

Group 1 – Multiple Choice Questions

1. C	(LO 2.1)	10. E	(LO 2.4)	18. C	(LO 2.8)
2. C	(LO 2.1)	11. D	(LO 2.4)	19. A	(LO 2.9)
3. A	(LO 2.1)	12. B	\$97,500/260 = \$375 x 4 =	20. E	(LO 2.10)
4. D	(LO 2.1)		\$1,500 (LO 2.5)	21. D	(LO 2.11)
5. B	(LO 2.1)	13. D	(LO 2.5)	22. E	(LO 2.12)
6. C	\$500 x 20% (LO 2.2)	14. C	(LO 2.6)	23. D	(LO 2.13)
7. A	(LO 2.2)	15. A	(LO 2.6)	24. E	(LO 2.13)
8. C	\$120 x 12 (LO 2.3)	16. C	(LO 2.7)	25. A	(LO 2.14)
9. D	(LO 2.3)	17. D	(LO 2.7, 2.8, 2.9, 2.10)	26. E	(LO 2.14)

Group 2 - Problems

1. a.	Excluded	(LO 2.1)	e.	Excluded	(LO 2.1)	i.	Excluded	(LO 2.1)
b.	Included	(LO 2.1)	f.	Included	(LO 2.1)	j.	Excluded	(LO 2.1)
с.	Included	(LO 2.1)	g.	Included	(LO 2.1)	k.	Included	(LO 2.1)
d.	Included	(LO 2.1)	ĥ.	Excluded	(LO 2.1)			

- 2. The non-cash payment of \$6,000 for services performed is includable income to John. The tax law states that gross income is "all income from whatever source derived." There is no exception in the law for non-cash items received in exchange for services. (LO 2.1)
- 3. a. **\$300**. Gross income includes "all income from whatever source derived." The value of the hair styling is income to Larry for the performance of services. There is no gross income exception in the tax law for "barter" income.
 - b. **\$300**. Gross income includes "all income from whatever source derived." The value of the tax return is income to Sheila for the performance of services. There is no gross income exception in the tax law for "barter" income. (LO 2.1)
- 4. Illegal income is still taxable since there is no exception excluding it in the tax code. When there is not an explicit exception, gross income is "all income from whatever source derived." (LO 2.1)
- 5. Qualified dividends are taxed at either 0%, 15%, or 20%. The 0% rate applies for taxpayers in the ordinary income tax brackets of 10% and 15%. The 15% rate applies for taxpayers in the ordinary income tax brackets of 25% through 35%. The 20% rate applies for taxpayers in the 39.6% bracket. A 3.8% Medicare tax on net investment income will be added to the rates for certain high-income taxpayers. (LO 2.2)
- 6. If no election is made, the interest is not included in income until the I bond is converted to cash by the taxpayer. If the taxpayer makes an election, however, the income which increases the redemption value but is not paid in cash on the I bond each year is included in the taxpayer's gross income. (LO 2.2)
- 7. See Schedule B on Page 40. (LO 2.2)

8. a.	(1) \$450 .	b.	(1) \$0 .	
	(2) \$450 .		(2) \$425,000 .	(LO 2.3)

- Arlen may deduct the alimony of \$2,000 per month on his tax return. He cannot deduct the child support. Jane must report the alimony as income on her tax return. The child support is not taxable income to her. (LO 2.3)
- 10. No gain is taxable to Cindy on the transfer of the house since it is part of a property settlement related to a divorce. Allen has a basis of \$90,000 in the house for calculating tax on any future sale of the house. (LO 2.3)
- 11. a. **\$6,400**.
 - b. \$260. A non-qualified plan award may only be excluded up to \$400; thus, \$260 is taxable.
 - c. \$1,000,000.
 - d. \$30,000. (LO 2.4)
- 12. a. **\$4,000**.
 - b. **\$14,500**.
 - c. **\$0**. (LO 2.4, 2.8)

13.SIMPLIFIED METHOD WORKSHEET

1)	Enter total amount received this year		1)	\$ 7,000
2)	Enter cost in the plan at the annuity	2)	\$48,300	
3)	Age at annuity starting date			
	Enter			
	55 and under	360		
	56-60	310		
	61–65	260	3)	210
	66–70	210		
	71 and older	160		
4)	Divide line 2 by line 3.		4)	\$ 230
5)	Multiply line 4 by the number of me	onthly payments		
	this year. If the annuity starting date	e was before 1987,		
	also enter this amount on line 8; and			
	Otherwise go to line 6.	-	5)	\$ 1,610
6)	Enter the amount, if any, recovered	tax free in prior years	6)	\$ 0
7)	Subtract line 6 from line 2.		7)	\$48,300
8)	Enter the smaller of line 5 or 7.		8)	\$ 1,610
9)	Taxable amount this year: Subtract	line 8 from		
	line 1. Do not enter less than zero.		9)	\$ 5,390
	(LO 2.5)			

- 14. **\$61,000** = \$100,000 \$27,000 \$12,000. Since the policy was transferred for valuable consideration, the proceeds are taxable to the extent that they exceed the sum of the cash value at the time of transfer plus the premiums paid. (LO 2.6)
- 15. **\$500**. A beneficiary, who is a surviving spouse, must include the entire amount of interest received with respect to the policy proceeds in gross income. The \$9,000 principal amount may be excluded from gross income. (LO 2.6)
- 16. David has received an accelerated death benefit or viatical settlement which is excluded from taxable income. (LO 2.6)
- 17. None of the payment is taxable. Life insurance proceeds are generally considered to be tax-free and specifically excluded from taxable income. (LO 2.6)

- 18. **\$5,600**. Inheritances are excluded from taxable income; however, subsequent earnings on inherited property must be included in income. (LO 2.7)
- 19. \$10,000 is taxable. This gift is clearly bonus income in a business setting so it does not qualify for tax-free gift treatment, even if Gwen's client calls the payment a gift. (LO 2.7)
- 20. None of the gift is taxable. Gifts are excluded from the taxable income of the person receiving the gift. (LO 2.7)
- 21. \$12,000 is taxable since there is no exclusion for payments made for room and board. \$8,000 is not taxable, since scholarships for tuition are specifically excluded from taxable income. (LO 2.8)
- 22. None of the cost of the insurance or amounts paid by the insurance company for surgery or treatment are taxable to Skyler. These amounts are specifically excluded from taxable income under the tax law. (LO 2.9)
- 23. **\$0**. Taxpayers may exclude the total amount received for payment or reimbursement of medical expenses. Premiums for health insurance paid by the taxpayer's employer are also excluded from the taxpayer's gross income. In addition, the \$1,500 (\$3,500 \$2,000) not paid by the insurance company is deductible as an itemized deduction on Ellen's return, subject to the medical expense deduction limitations. (LO 2.9)
- 24. a. No. The meals are furnished by the employer on the business premises of the employer during working hours because the employer limits the employee to short meal periods.
 - b. No. The meals are furnished by the employer on the business premises of the employer during working hours because the taxpayer must be available for emergency calls.
 - c. Yes. The meals are not furnished for the convenience of the employer. (LO 2.10)
- 25. $6.00\% = 4.5\% \div (100\% 25\%)$. (LO 2.11)
- 26. The tax-exempt municipal bond has the same 5% before and after-tax rate of return. The corporate bond has an after-tax return of 4.55% (7% x (1 35%)). Karen should invest in the tax-exempt bond due to the higher after-tax rate of return. (LO 2.11)
- 27. \$3,250. Unemployment benefits received are included in gross income. (LO 2.12)
- 28. \$4,850 = \$850 + \$4,000. The value of the airline tickets is excluded from gross income under the no additional cost services rule for employees and their families. The \$30 of personal typing is excluded under the de minimis fringe benefits rule. The \$850 worth of employee discount coupons for hotel rooms is included in gross income since the hotel division is a different line of business than that in which Linda is employed. The \$4,000 tuition payment must be included in gross income since Richard is working on a graduate degree and not providing teaching or research activities. (LO 2.13)
- 29. Yes. Tom will be better off reducing his taxable income by \$2,600 by using the health care flexible spending account. Since his income will be \$2,600 less, he will pay less tax than he would otherwise. (LO 2.13)
- 30. As calculated on the worksheet on Page 41. (LO 2.14)
- 31. a. Yes. Tax-free municipal bond income is added to AGI in the formula to determine the amount of taxable Social Security.
 - b. **Zero**. The taxpayer's income is below the threshold amount used in the formula to determine whether Social Security is taxable.
 - c. **85%**. High-income taxpayers must include 85% of Social Security receipts in taxable income. (LO 2.14)

Group 2: Pro	obler	n 7				
SCHEDULE E	3	Interest and Ordinary Dividends		OMB No.	1545-00	074
(Form 1040A or 1	1040)	interest and ordinary Dividends		20	17	•
Department of the Tre	asury	Attach to Form 1040A or 1040. Go to www.irs.gov/ScheduleB for instructions and the latest information.	Attachment Sequence No. 08		•	
Internal Revenue Serv Name(s) shown on r	Your	social securi				
		d Sally Heck			,	
Part I	1	List name of payer. If any interest is from a seller-financed mortgage and the		Am	ount	
Interest		buyer used the property as a personal residence, see the instructions and list this				
interest		interest first. Also, show that buyer's social security number and address ► Porcine Bank		1 2	245	
(See instructions and the	1.	River Bank			<u>50</u>	
instructions for		[note: municipal tax-exempt interest is reported directly on the Form 1040 or 1040-A]		,		
Form 1040A, or Form 1040,						
line 8a.)						
Note: If you received a Form	1					_
1099-INT, Form						
1099-OID, or substitute						
statement from a brokerage firm,						
list the firm's	- 1					_
name as the payer and enter	- 1					_
the total interest shown on that						
form.	2	Add the amounts on line 1	2	1,8	395	
	3	Excludable interest on series EE and I U.S. savings bonds issued after 1989.	-			
	4	Attach Form 8815	3			_
	4		4	1.8	395	
	Note:	If line 4 is over \$1,500, you must complete Part III.		,	ount	-
Part II	5	List name of payer ►				
Ordinary		Altus, Inc.) <u>00</u> 350	_
Dividends		Buller Corporation Gene Corporation		-	00	
		Devona Corporation		- 1	350	
(See instructions and the						
instructions for Form 1040A, or						
Form 1040,			5			
line 9a.)						
Note: If you received a Form						
1099-DIV or substitute						
statement from						
a brokerage firm, list the firm's						
name as the payer and enter						
the ordinary	6	Add the amounts on line 5. Enter the total here and on Form 1040A, or Form				
dividends shown on that form.		1040, line 9a	6	6,3	300	
Devel III	-	If line 6 is over \$1,500, you must complete Part III.	-) h - d	-		
Part III		ust complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (l a account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreig			Yes	No
Foreign	7a	At any time during 2017, did you have a financial interest in or signature authority of				
Accounts		account (such as a bank account, securities account, or brokerage account) locate country? See instructions		a toreign		Х
and Trusts		If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank		Financial		~
(See instructions.))	Accounts (FBAR), to report that financial interest or signature authority? See FinC and its instructions for filing requirements and exceptions to those requirements.	EN F	orm 114		
	b	If you are required to file FinCEN Form 114, enter the name of the foreign cour	ntry w	here the		
	8	financial account is located		aror to o		
	0	During 2017, did you receive a distribution from, or were you the grantor of, or t foreign trust? If "Yes," you may have to file Form 3520. See instructions				Х
For Donomuork		· · · · ·		Earm 10404		

um 2. Duchland

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

Schedule B (Form 1040A or 1040) 2017

Group 2: Problem 30

1.	Enter the total amount of social security income	1.	\$7,400
2.	Enter one-half of line 1	2.	3,700
3.	Enter the total of taxable income items on Form 1040 except		
	social security income	3.	14,500
4.	Enter the amount of tax exempt interest income	4.	30,000
5.	Add lines 2, 3, and 4	5.	48,200
6.	Enter all adjustments for AGI except for student loan interest, the domestic production activities deduction and the tuition and fees deduction	6.	- 0 -
7.	Subtract line 6 from line 5. If zero or less, stop here, none of the social security benefits are taxable	7.	48,200
8.	Enter \$25,000 (\$32,000 if married filing jointly; \$0 if married filing separately and living with spouse at any time during the year)	8.	25,000
9.	Subtract line 8 from line 7. If zero or less, enter -0-	9.	23,200
Not	e: If line 9 is zero or less, stop here; none of your benefits are taxable . Otherwise, go on to line 10.		
10.	Enter \$9,000 (\$12,000 if married filing jointly; \$0 if married filing separately and living with spouse at any time during the year)	10.	9,000
11.	Subtract line 10 from line 9. If zero or less, enter -0-	11.	14,200
12.	Enter the smaller of line 9 or line 10	12.	9,000
13.	Enter one-half of line 12	13.	4,500
14.	Enter the smaller of line 2 or line 13	14.	3,700
15.	Multiply line 11 by 85% (.85). If line 11 is zero, enter -0-	15.	12,070
16.	Add lines 14 and 15	16.	15,770
17.	Multiply line 1 by 85% (.85)	17.	6,290
18.	Taxable benefits . Enter the smaller of line 16 or line 17	18.	\$6,290

Worksheet 1. Recapture of Alimony	Keep for Your Records
Note. Do not enter less than -0- on any line.	
1. Alimony paid in 2nd year	<u>\$60,000</u>
2. Alimony paid in 3rd year 2. \$1	10,000
3. Floor	\$15,000
4. Add lines 2 and 3	4. \$25,000
5. Subtract line 4 from line 1. If zero or less, enter -0	
6. Alimony paid in 1st year	6. \$60,000
7. Adjusted alimony paid in 2nd year (line 1 minus line 5) 7. \$2	25,000
8. Alimony paid in 3rd year 8	10,000
9. Add lines 7 and 8 9. \$3	35,000
10. Divide line 9 by 2 10. \$1	17,500
11. Floor 11\$	\$15,000
12. Add lines 10 and 11	12. \$32,500
13. Subtract line 12 from line 6	¢07
14. Recaptured alimony. Add lines 5 and 13	

* If you deducted alimony paid, report this amount as income on Form 1040, line 11. If you reported alimony received, deduct this amount on Form 1040, line 31a.

33. See the answer to Problem 7.

Group 3 - Writing Assignment

Research Solution:

Whittenburg and Gill, CPAs San Diego, CA August 3, 20xx

Ms. Vanessa Lazo 1550 Mesa Rosa Drive San Diego, CA

Dear Professor Lazo,

Thank you for requesting my advice concerning the tax treatment of your free trip to Costa Rica. I have researched your question and am sorry to say that the free tour is taxable.

The fair market value of the tour must be reported on Form 1040, Line 21 "Other Income." In addition, any expenses that you incurred during the trip cannot be deducted.

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

Sincerely, Trevor Malcolm for Whittenburg and Gill, CPAs

Group 4 - Comprehensive Problems

- 1. See pages 43 through 45.
- 2A. See pages 46 through 47.
- 2B. See pages 48 through 49.

Group 5 - Cumulative Software Problem

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

Comprehensive Problem 1

Form 1040A		rtment of the Treasury—In			(99)	2017	IB	S Use Only	—Do not v	vrite or staple in this	s space.
Your first name and init			Last name	X HOLDHI	(00)			0 000 011.j		OMB No. 1545-007	
									Your	social security nur	nber
Ken			Hai	r					-		34
If a joint return, spouse' Bev	's first n	ame and initial	Last name Hair							e's social security n 5 74 3 3	
Home address (number 3567 River Str		reet). If you have a P.O. bo	x, see instruct	ions.				Apt. no.	M	ake sure the SSN(s and on line 6c are co) above
City, town or post office, s Springfield, M		d ZIP code. If you have a fore	ign address, als	o complete space	s below (see	instructions).			Check h	idential Election Car ere if you, or your spouse	e if filing
Foreign country name				Foreign provinc	ce/state/cou	inty	Foreig	jn postal cod		ant \$3 to go to this fund. low will not change your X You X	tax or
Filing status Check only one box.	1 2 3	 Single Married filing join Married filing separa full name here. ► 				lf th ente		g person is d's name h	s a child nere. ►	y person). (See instr but not your depe	ructions.)
Exemptions	6a	X Yourself. If s	omeone c	an claim yo	u as a d	ependent	t, do not	check)	Boxes checked on	
	b	K Spouse	x 6a.							6a and 6b No. of children	_2
	c	Dependents:						(4) √ if c	hild under	on 6c who:	
If more than six		Dependents.		(2) Dependen security nu		(3) Depe relationsh		age 17 qua child tax cr	lifying for	 lived with you 	
dependents, see		(1) First name L	ast name	boounty ne		Telationsh	ip to you	instruct		• did not live	
instructions.										with you due to divorce or	
										separation (see instructions)	
										Dependents	
]	on 6c not entered above	
										Add numbers	
	d	Total number of e	vomption	e elaimod						on lines above ►	2
Income	u		,xemption	s clainca.							\square
liteonie	7	Wages, salaries, t	tips, etc. A	ttach Form	(s) W-2.				7	53,120	
Attach Form(s) W-2										o / -	
here. Also	8a b	Taxable interest.					1 0	0.0	8a	645	
attach	9a	Tax-exempt interest. Do not include on line 8a. 8b 1,000 9a Ordinary dividends. Attach Schedule B if required. 9a							302		
Form(s) 1099-R if tax			ds (see instructions). 9b 302						002	-	
was	10	Capital gain distri	butions (s	ee instructio	ons).				10		
withheld.	11a		44-				xable am		446		
If you did not get a W-2, see	12a	distributions. Pensions and	11a			(e instruc xable am	/	11b		+
instructions.	120	annuities.	12a				e instruc		12b		
								,			
	13	Unemployment c	ompensat	ion and Alas	ska Pern				13	1,825	
	14a	Social security benefits.	140				xable am e instruc		146		
		Denemis.	14a			(56			14b		
	15	Add lines 7 through	gh 14b (fa	r right colun	nn). This	is your t e	otal inco	ome. 🕨	15	55,892	
Adjusted	16	Educator expense		tructional		16					
gross	17	IRA deduction (se				17			_		
income	18	Student loan inter		,	tructions				_		
	19	Reserved for futu				19					
	20	Add lines 16 through	ugn 19. Tr	iese are you	ur total a	idjustme	nts.		20		+
	21	Subtract line 20 f	rom line 1	5. This is vo	ur adius	ted aros	s incom	ie. 🕨	21	55,892	
For Disclosure, P		/ Act, and Paperwo								, ,	(2017)

Comprehensive Problem 1, cont.

		rioblem i, cont.							
Form 1040A (<i>,</i>		1 /a divete	el europa linge					Page 2
Tax, credits,	22 23a	Enter the amount from line 2			Blind) Total I		22	55,892	
and	ZJd	Check { You were born before if: Spouse was born before born befor							
payments	h	If you are married filing separ				eu 🕨 23a			
Standard	b	deductions, check here	atery and	your spous	e iternizes	► 23b			
Deduction	04		en			230		10 700	-
for—	24	Enter your standard deduct		ia mara tha	n line 00 and	har 0	24	12,700	
 People who check any 	25 26	Subtract line 24 from line 22.				ter -0	25	43,192	
box on line 23a or 23b or	20	Exemptions. Multiply \$4,050 Subtract line 26 from line 25.				tor 0	26	8,100	
who can be claimed as a	21	This is your taxable income.		is more that	ii iii e 23, ei ii	lei -0	▶ 27	35,092	
dependent,	28	Tax, including any alternative m			tions). 28	4,284	21	33,032	
see instructions.	29	Excess advance premium tax				4,204	+		
All others:	23	Form 8962.	Credit le	payment. A	29				
Single or Married filing	30	Add lines 28 and 29.		_	23		30	4,284	1
separately,	31	Credit for child and depende	nt care ex	noncos Att	ach		30	4,204	
\$6,350 Married filing	51	Form 2441.	ni care ex	ipenses. Au	31				
jointly or Qualifying	32	Credit for the elderly or the d	isabled A	ttach	01				
widow(er),	52	Schedule R.	Subicu. P		32				
\$12,700 Head of	33	Education credits from Form	8863 line	19	33				
household,	34	Retirement savings contributio	-						
\$9,350	35	Child tax credit. Attach Sche							
	36	Add lines 31 through 35. The					36		
	37	Subtract line 36 from line 30.				ter -0	37	4,284	1
	38	Health care: individual response					X 38	.,=•.	
	39	Add line 37 and line 38. This			-, ,	0	39	4,284	
	40	Federal income tax withheld f			1099. 40	5,005		.,	-
	41	2017 estimated tax payments	s and amo	ount applied	1	0,000	<u> </u>		
If you have a qualifying		from 2016 return.			41				
child, attach	42a	Earned income credit (EIC)			42a				
Schedule EIC.	b	Nontaxable combat pay elect							
	43	Additional child tax credit. At	tach Sche	edule 8812.	43				
	44	American opportunity credit	from Form	1 8863, line	8. 44				
	45	Net premium tax credit. Attac	ch Form 8	962.	45				
	46	Add lines 40, 41, 42a, 43, 44	, and 45. ⁻	These are ye	our total pay	/ments.	▶ 46	5,005	
Refund	47	If line 46 is more than line 39	, subtract	line 39 from	n line 46.				
neiuliu		This is the amount you overp					47	721	
Direct	48a	Amount of line 47 you want refu	nded to yo	ou. If Form 88	88 is attached	d, check here	▶ _ 48a	721	
deposit? See	▶ b	Routing number		• c Type:	Checking	Savings			
instructions and fill in									
48b, 48c,	▶ d	Account number							
and 48d or Form 8888.	49	Amount of line 47 you want a	pplied to	vour					
		2018 estimated tax.			49				
Amount	50	Amount you owe. Subtract	ine 46 fro	m line 39. F	or details on	how to pay	/,		
		see instructions.					▶ 50		
you owe	51	Estimated tax penalty (see in	structions	s).	51				
Third party	Do	you want to allow another person to	discuss this	return with the	e IRS (see instru	ictions)? 🗌 Ye	es. Complete	the following.	No
designee	De	signee's		Phone		Perso	nal identificatior) [
acaignee	nar	ne 🕨		no. 🕨		numb	er (PIN)		
Sign	Un	der penalties of perjury, I declare that I hav I belief, they are true, correct, and accurat	e examined the	his return and ac	companying sche	edules and stater	nents, and to the tax year. Decla	e best of my kno aration of prepare	owledg
here	tha	n the taxpayer) is based on all information		preparer has any	knowledge.				(50.70
Joint return?	Yo	ur signature		Date	Your occupation	1	Daytime ph	ione number	
See instructions.					Student				
Keep a copy for your records.		ouse's signature. If a joint return, both mus	t sign.	Date	Spouse's occup		PIN, enter it	t you an Identity Pro	tection
-	,		Durant		Accounta		here (see inst		
Paid	Pri	nt/Type preparer's name	Preparer's	s signature		Date	Check Check	f PTIN	
preparer							self-employed	1	
use only		n's name					Firm's EIN ►		
		n's address ►					Phone no.	- 40404	
in to www irs o	nov/For	m1040A for instructions and the lates	t intormation	ו				Form 1040A	(2017

Go to www.irs.gov/Form1040A for instructions and the latest information.

Form 1040A (2017)

*

Comprehensive Problem 1, cont.

efore you begin: \checkmark Be sure you do not have to file Form 1040 (see the Instructions for Form 1040A, line 10).	
1. Enter the amount from Form 1040A, line 27 1. 35,092	
2. Enter the amount from Form 1040A, line 9b	
3. Enter the amount from Form 1040A, line 10	
4. Add lines 2 and 3	
5. Subtract line 4 from line 1. If zero or less, enter -0	
6. Enter the smaller of:	
• The amount on line 1, or	
• \$37,950 if single or married filing separately, 6. <u>35,092</u>	
\$75,900 if married filing jointly or qualifying widow(er), or	
\$50,800 if head of household.	
7. Enter the smaller of line 5 or line 6	
8. Subtract line 7 from line 6. This amount is taxed at 0%	
9. Enter the smaller of line 1 or line 4	
10. Enter the amount from line 8 10. 302	
1. Subtract line 10 from line 9	
2. Multiply line 11 by 15% (0.15)	120
3. Use the Tax Table to figure the tax on the amount on line 5. Enter the tax here	13. 4,284
14. Add lines 12 and 13	14. 4,284
15. Use the Tax Table to figure the tax on the amount on line 1. Enter the tax here	15. 4,329
6. Tax on all taxable income. Enter the smaller of line 14 or line 15 here and on Form 1040A.	16 4.284

* Note: This worksheet does not apply for high-income taxpayers under the ACA or ATRA provisions (See LO 1.9).

Comprehensive Problem 2A

1040		nent of the Treasury—Internal R	. ,	201	7	OMB No. 15	45-0074	IBS Use O	nlv—Do	o not write or staple in this	s space
For the year Jan. 1–Dec		7, or other tax year beginning		, 2017, 6	endina	011101110.10	,2			e separate instructi	
Your first name and i		, of other tax your beginning	Last name	, 2017, 9	chaing		, 2	0	_	ir social security nur	
Rav			Gomez							169 21 5523	
If a joint return, spou	se's first	name and initial	Last name							use's social security n	
Maria			Gomez							44 65 9912	
	ber and s	street). If you have a P.O. b						Apt. no.		Make sure the SSN(s	
1610 Quince								•		and on line 6c are c	
		and ZIP code. If you have a for	reign address, also complete	e spaces below (s	see inst	ructions).			Pr	esidential Election Car	npaign
McAllen, TX	78701									k here if you, or your spouse	
Foreign country nam			Foreign p	rovince/state/c	ounty		Foreign p	ostal code		, want \$3 to go to this fund. below will not change your	
									refund		
	1	Single			4	Head of	household	(with qualit	fvina p	erson). (See instruction	
Filing Status			(even if only one had	income)			_			not your dependent, e	
Check only one	3		ately. Enter spouse's S			child's na	ame here.				
box.		and full name here.			5	Qualifyir	ng widow	(er) (see in	struc	tions)	
Exemptions	6a	X Yourself. If some	one can claim you as	a dependent,	do no	ot check bo	x 6a .		.]	Boxes checked on 6a and 6b	2
Exemptions	b	X Spouse							.)	No. of children	
	С	Dependents:	(2) Depende) Depen			under age 17 hild tax credi		on 6c who: • lived with you	
	(1) First	name Last name	e social security n	umber rela	tionship	to you	(see instr			 did not live with 	
lé manua than farm									_	you due to divorce or separation	
If more than four dependents, see									_	(see instructions) Dependents on 6c	
instructions and									_	not entered above	
check here ►	d	Total number of exem	nptions claimed						_	Add numbers on lines above	2
Incomo	7		etc. Attach Form(s) W						7	62,501	
Income	8a	0, , , , , ,	ach Schedule B if requ						8a	652	
	b	Tax-exempt interest.	Do not include on line	e8a	8b						
Attach Form(s) W-2 here. Also	9a	Ordinary dividends. A	ttach Schedule B if re	quired					9a		
attach Forms	b	Qualified dividends			9b						
W-2G and	10	Taxable refunds, cred	dits, or offsets of state	and local inco	ome ta	axes			10		
1099-R if tax	11	Alimony received .							11		
was withheld.	12	Business income or (I	loss). Attach Schedule	C or C-EZ .					12		
	13	Capital gain or (loss).	Attach Schedule D if r	equired. If no	t requ	ired, check	here 🕨		13		
If you did not get a W-2,	14	Other gains or (losses	s). Attach Form 4797 .						14		
see instructions.	15a	IRA distributions .	15a		b Ta	axable amou	nt.		15b		
	16a	Pensions and annuities	s 16a		b Ta	axable amou	nt.		16b		
	17	Rental real estate, roy	alties, partnerships, S/	corporations	, trust	s, etc. Attac	ch Sched	ule E	17		
	18	Farm income or (loss)). Attach Schedule F .					· ·	18		
	19		ensation						19		
	20a	Social security benefits			b Ta	axable amou			20b		
	21	Other income. List typ							21	3,800	
	22		n the far right column for	lines / through	_	-	tal incom	e	22	66,953	
Adjusted	23	Educator expenses			23	5					
Gross	24		ses of reservists, perform	-							
Income	05	-	fficials. Attach Form 2106		24						
	25 26	•	Int deduction. Attach F tach Form 3903		25			<u> </u>			
	20	•									
	27		employment tax. Attach S SIMPLE, and qualified		27						
	20			•				+ - 1			
	29 30		insurance deduction drawal of savings .		30			+			
	30 31a		pient's SSN ► 566		31		100	+			
	32				31		,400	+			
	33		deduction					+			
	33 34		se								
	35		se ctivities deduction. Attac		34						
	36	'	35		00				36	5,400	
	37	-	line 22. This is your ac		s inco	me			37	61.553	-
For Disclosure, Pr		ct, and Paperwork Re					Cat	No. 1132		Form 1040	(2017)

Comprehensive Problem 2A, cont.

Form 1040 (2017)			Page 2
·	38	Amount from line 37 (adjusted gross income)	38	61.553
Transf	39a	Check [You were born before January 2, 1953, Blind.] Total boxes		01,000
Tax and		if: Spouse was born before January 2, 1953, Blind. Checked ► 39a		
Credits	b	If your spouse itemizes on a separate return or you were a dual-status alien, check here ► 39b		
Standard	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	12,700
Deduction	41	Subtract line 40 from line 38	41	48.853
 for – People who 	42	Exemptions. If line 38 is \$156,900 or less, multiply \$4,050 by the number on line 6d. Otherwise, see instructions	42	8,100
check any	43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	40,753
box on line 39a or 39b or	44	Tax (see instructions). Check if any from: a Form(s) 8814 b Form 4972 c	44	5,184
who can be claimed as a	45	Alternative minimum tax (see instructions). Attach Form 6251	45	0,104
dependent,	46	Excess advance premium tax credit repayment. Attach Form 8962	46	
see instructions.	47	Add lines 44, 45, and 46	47	5,184
All others:	48	Foreign tax credit. Attach Form 1116 if required	-11	0,101
Single or Married filing	49	Credit for child and dependent care expenses. Attach Form 2441 49		
separately, \$6,350	50	Education credits from Form 8863, line 19		
Married filing	51	Retirement savings contributions credit. Attach Form 8880 51		
jointly or	52	Child tax credit. Attach Schedule 8812, if required 52		
Qualifying widow(er),	53	Residential energy credit. Attach Form 5695		
\$12,700 Head of	54	Other credits from Form: a 3800 b 8801 c 54		
household,	55	Add lines 48 through 54. These are your total credits	55	
\$9,350	56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	56	5,184
	57	Self-employment tax. Attach Schedule SE	57	0,107
Other	58	Unreported social security and Medicare tax from Form: $\mathbf{a} = 4137$ b 8919	58	
	59	Additional tax on IRAs, other gualified retirement plans, etc. Attach Form 5329 if required	59	
Taxes	60a	Household employment taxes from Schedule H	60a	
	b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b	
	61	Health care: individual responsibility (see instructions) Full-year coverage $[X]$	61	
	62	Taxes from: a Form 8959 b Form 8960 c Instructions; enter code(s)	62	
	63	Add lines 56 through 62. This is your total tax	63	5,184
Payments	64	Federal income tax withheld from Forms W-2 and 1099 64 9,050		
	65	2017 estimated tax payments and amount applied from 2016 return 65		
If you have a	66a	Earned income credit (EIC)		
qualifying child, attach	b	Nontaxable combat pay election 66b		
Schedule EIC.	67	Additional child tax credit. Attach Schedule 8812 67		
	68	American opportunity credit from Form 8863, line 8 68		
	69	Net premium tax credit. Attach Form 8962 69		
	70	Amount paid with request for extension to file		
	71	Excess social security and tier 1 RRTA tax withheld 71		
	72	Credit for federal tax on fuels. Attach Form 4136 72		
	73	Credits from Form: a 2439 b Reserved c 8885 d 73		
	74	Add lines 64, 65, 66a, and 67 through 73. These are your total payments	74	9,050
Refund	75	If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75	3,866
	76a	Amount of line 75 you want refunded to you. If Form 8888 is attached, check here	76a	3,866
Direct deposit?	▶ b	Routing number C Type: Checking Savings		
See	► d	Account number		
instructions.	77	Amount of line 75 you want applied to your 2018 estimated tax > 77		
Amount	78	Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions	78	
You Owe	79	Estimated tax penalty (see instructions)		
Third Party				plete below. No
Designee		signee's Phone Personal iden ne ▶ no. ▶ number (PIN)	tificatio	"►
Sign	Under p	enalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowled		
Here	accurate	ly list all amounts and sources of income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all inforr	mation of	f which preparer has any knowledge.
Joint return? See	You	ur signature Date Your occupation	Daytir	me phone number
instructions.		Salesperson		
Keep a copy for your records.	Sp	ouse's signature. If a joint return, both must sign. Date Spouse's occupation	If the If PIN, er	RS sent you an Identity Protection
		Clerk		ee inst.)
Paid	Prir	nt/Type preparer's name Preparer's signature Date		k 🗌 if 🛛 PTIN
Preparer				mployed
Use Only	Firr	n's name 🕨	Firm's	s EIN 🕨
	Firr	n's address ►	Phone	e no.

Go to www.irs.gov/Form1040 for instructions and the latest information.

Comprehensive Problem 2B

For the year Jan. 1-Dec. 31, 2017, or other tax year beginning _2017, ending _20 See separate instructions. Your first name and initial Last name Conch 835 [21 5423 If a joint return, spouse's first name and initial Last name Duval 633 [65 7912 Home address frumber and street). If you have a P.O. box, see instructions. Apt. no. 64 Presidential Election Campaign City, town or post offics, stata, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Apt. no. 64 Presign rowince/state/county Foreign country name Foreign province/state/county Foreign postal code Marke sure the SN(s) above end of the county one space fling below with diagney cut as one market with a county one space fling below with state and graph of the county one space fling below with state county. Filing Status 1 Single 2 Married filing jointly (even if only one had income) 4 Head of household (with qualifying work). (See instructions) Check only one box. 6a X Yourself. If someone can claim you as a dependent, do not check box 6a	1040		nent of the Treasury-Internal		(99) Return	201	7	1B No. 1545	-0074 IRS Use	Only-D	o not write or staple in this	s space.
Cal Conch 835 [21] 5423 The part nature, source's first name and initial Last name Source's varial source's model source's non-source's model	For the year Jan. 1-Dec					, 2017, end	ling					
If a joint form, spoole* 5 find name and Initial Last terme Duval Boulders Boulder	Your first name and	and initial Last name						Yo	ur social security nur	nber		
Mary Duval 1280 addition pumpler and street, Hyos have a P.O. Look, see instructions. 64 1280 addition pumpler and street, Bino addition, See instructions. 64 1280 addition pumpler and street, Bino addition, See instructions. 64 1280 addition pumpler and street, Bino addition, See instructions. 64 1280 addition pumpler and street, Bino addition, See instructions. 64 1280 addition pumpler and street, Bino addition, See instructions. 64 1280 addition pumpler addition, See instructions. 66 1280 addition pumpler addition, See instructions. 66 1280 addition pumpler addition. 1280 addition pumpler addition. 1280 addition pumpler addition. 1280 addition. 1280 addition. 1280 addition. 1280 addition. 1280 addition. 1280 addition. 1280 addition. 1280 a		Carl Conch										
Home address (number and tends, if you have a D o, box, ase instructions. Add no. Add no. 1234 Mail/or Square 64 Coll, ten or post differ, differ, and 20 odd. If you have a breign address, also complete spaces below (see instructions. 64 Foreign country name Foreign province/state/scuare/									-			
1234 Maillory Square 64 And on the 6-care correct Only town or so officiation attains of 20 leads attain schedule attain complete spaces below tees instructional. Prevention attains of 20 leads attain attain attain attains attain attain attain attain attains attain attain attain attain attains attain	,										633 65 7912	
Key West, FL 33040 Foreign country name Foreign province/state/country Foreign country name Foreign province/state/country Foreign province/state/country Foreign province/state/country Foreign province/state/country Foreign province/state/country Foreign province/state/country Foreign province/state/country Foreign province/state/country Foreign province/state/country Foreign province/state/country Foreign province/state/country Foreign province/state/country Colspan="2">Foreign province/state/country Foreign province/state/s	1234 Mallor	y Squ	are									
Foreign country name Foreign province/state/country Foreign province/state/country Foreign province/state/country Foreign province/state/country Foreign province/state/country Filing Status 1 1 Single 1 Variation (Variation				oreign address, a	so complete space	es below (see	instructi	ons).				
Proteign pownestatalecounty Prove () Research () Prove () Research () Filing Status box 1 Single 1 Single 1 Interpretation () 4 Interpretation () Interpretation () Compared () <thcompared ()<="" th=""> Compared ()<td></td><td></td><td>040</td><td></td><td></td><td></td><td></td><td></td><td></td><td>iointl</td><td></td><td></td></thcompared>			040							iointl		
Attach Form(e) 2 Married filing lonthy (went if any you as a dependent, dent in the quarty represents as all a but not your dependent, enter the child's required ling sources is SN above in the quarty represents as all a but not your dependent, enter the child's required ling sources is SN above in the quarty represents as all a but not your dependent. Exemptions 6 X Yourself, if someone can claim you as a dependent, do not check box 6a bit X Spouse 0 0, of children I'more than four dependents, see instructions, and charme but dependents, see instructions and charme but dependents, see instructions and charme but dependents, see instructions, and charme but not but dependents, see instructions, and charme but dependents, see instructions, and charme but dependents, see instructions, and charme but dependent, see instructions, and charme but dependent, see instructions, and charme but dependents, see instructions, and charme but dependent, see instructions, and charme but dependent, and but dependent	Foreign country nam	ie			Foreign provinc	e/state/cou	nty	F	oreign postal coo	a box	x below will not change your	tax or
All Married filing lophty (even if and voe had income) The quality opperson a self bot fitty your degendent, even the individ a mathema, and the part is the quality opperson a self bot fitty your degendent, even the individ a mathema, and the part is the quality opperson a self bot fitty your degendent, even the individ a mathema, and the part is the quality opperson a	Filing Status	1	Single				4	Head of hou	sehold (with qu	alifying p	person). (See instruction	ns.)
box and full mane here. ▶ 5 Qualitying widow(ef) (see instructions) Exemptions 6 a. X. Yourself, if someone can claim you as a dependent, do not check box 6a. Breach show (and the constructions) Cancer check box 6a. Can	i ling otatao	2	X Married filing jointly	y (even if only	one had incom	ne)		If the qualify	ing person is a	child but	t not your dependent, e	enter this
Ba X Yourself. If someone can claim you as a dependent, do not check box Ba Pendendents. 0 of childhere on the whom on the work of the sound Base shocked on the work of the sound Base shocked on the work of the work of the sound Base shocked on the work of the work	Check only one	3			pouse's SSN a							
Letter provide b X Spouse Image: Construction of the construction of	box						·					
c Dependents: (2) Begendents: (9) of clinit arget T (9) of clinitar	Exemptions					endent, de	o not c	heck box 6	ia	• }		2
If more than four dependents, see instructions and check here ▶ is dependents is depe		_							if child under age	. J		
Income than four dependents, see instructions and check here ▶ Image: the transmitter of exemptions claimed Image: the transmitter exemption is claimed Income 7 Wages, salaries, tips, etc. Attach Form(s) W-2 7 6 7, 68.0 Attach Form(s) 7 Wages, salaries, tips, etc. Attach Form(s) W-2 7 6 7, 68.0 9 Ordinary dividends, tips, etc. Attach Form(s) W-2 7 6 7, 68.0 8a 9 Ordinary dividends Attach Schedule B if required 8a 355 9 Ordinary dividends Attach Schedule D if required 9a 212 9 Ordinary dividends, credits, or offsets of state and local income taxes 10 11 10 Taxable interest. Attach Schedule D if required if not required, if not				000				qualify	ing for child tax cr		 lived with you 	
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instructions and check here ▶ d Total number of exemptions claimed	If more than four											
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W-2 here. Also 9a Ordinary Unidends. Attach Schedule 5 in required. 9b 0 W-2 G and 1099-B if tax 10 Taxable refunds, credits, or offsets of state and local income taxes 10 W-2 G and 1099-B if tax 11 Alimony received 11 11 11 Alimony received 12 12 12 12 Business income or (loss). Attach Schedule D if required. If not required, check here ▶ 13 14 13 Capital gain or (losses). Attach Schedule D if required. If not required, check here ▶ 13 14 14 Other gains or (losses). Attach Schedule F · 13 16a 16b 16a b Taxable amount 16b 17 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 17 18 19 Q.7.756 20a b Taxable amount 20b 21 Other income. List type and amount Raffle prize 21 75.0 22 Conbine the amounts in the far right column for lines 7 through 21. This is your total income ▶ 22 71,753 23 Educator expenses of reservists, performing artists, and fee-basis government officials. Att	Attach Form(s)		-				8b				212	
atdact Poins 10 Taxable refunds, credits, or offsets of state and local income taxes 10 1099-RI ft tax 11 Alimony received 11 11 11 Alimony received 11 11 11 12 Business income or (loss). Attach Schedule C or C-EZ 12 13 13 Capital gain or (loss). Attach Schedule D if required, fhot required, check here ▶ 13 14 14 Other gains or (losses). Attach Schedule D if required, fhot required, check here ▶ 14 14 16a Pensions and annuities 15a b Taxable amount 15b 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 17 18 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 19 2,756 18 Farm income or (loss). Attach Schedule F 19 2,756 20 19 Conteine the amounts in the far right column for lines 7 through 21. This is your total income ▶ 22 71,753 24 Certain businese expenses of reservists, performing artists, and fee-basis government officials. Attach Form 3903 26 24 24 25 Health savings accc	W-2 here. Also		•	Attach Schedi	ule B if required	b	1			9a	212	-
1099-R if tax was withheld. 11 Alimony received . 11 11 11 11 12 Business income or (loss). Attach Schedule C or C-EZ 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ 13 13 14 14 14 13 14 Other gains or (loss). Attach Schedule D if required. If not required, check here ▶ 14 15b 15a 16a 15b 15b 16b 16b 16b 16b 17 16a 17 16a 17 16a 17 19 2,756 20b 20b 19 2,756 20b	attach Forms			· · · ·		· · · [•	10		
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18 Farm income or (loss). Attach Schedule F		16a	Pensions and annuities 16a b Taxable amount					16b				
19 Unemployment compensation 19 2,756 20a Social security benefits 20a b Taxable amount 20b 21 Other income. List type and amount Raffle prize 21 750 22 Combine the amounts in the far right column for lines 7 through 21. This is your total income 22 71,753 23 Educator expenses 23 23 24 71,753 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 890 attach 80 attach 50 attach 80 att												
20a Social security benefits 20a b Taxable amount 20b 21 Other income. List type and amount Raffle prize 21 750 22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶ 22 71,753 Adjusted Gross Income 23 Educator expenses 23 23 24 25 24 25 25 26 27 26 27 28 28 29 29 28 28 29 29 21 27 21 21 21 21 21 21 21 2				,							0.756	
21 Other income. List type and amount Raffle prize 21 750 22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶ 22 71,753 Adjusted Gross Income 23 Educator expenses 23 23 24 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 24 24 24 25 Health savings account deduction. Attach Form 3903 26 26 27 26 Moving expenses. Attach Form 3903 26 28 29 29 Self-employed SEP, SIMPLE, and qualified plans 28 29 29 30 Penalty on early withdrawal of savings 30 30 31a 31a Alimony paid b Recipient's SSN ▶ 31a 31a 32 IRA deduction 32 33 34 34 Reserved for future use 34 35 36 36 Add lines 23 through 35 35 36 37 71,753						1				-	2,700	-
22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶ 22 71,753 Adjusted Gross Income 23 Educator expenses 23 23 24 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 24 24 24 25 Health savings account deduction. Attach Form 8889 25 26 27 26 Moving expenses. Attach Form 3903 26 28 28 29 Self-employed SEP, SIMPLE, and qualified plans 28 29 30 Penalty on early withdrawal of savings 30 31a 31a 32 IRA deduction 32 31a 33 33 Student loan interest deduction 32 33 34 34 Reserved for future use 34 35 36 36 Add lines 23 through 35 37 71,753			•		nt				ize		750	
Adjusted Gross Income 23				•		7 through 2	1. This is			-		
Adjusted Gross Income 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 24 24 25 Health savings account deduction. Attach Form 3889 25 26 26 Moving expenses. Attach Form 3903 26 27 27 Deductible part of self-employment tax. Attach Schedule SE 27 28 29 Self-employed SEP, SIMPLE, and qualified plans 29 30 30 Penalty on early withdrawal of savings 30 31a 31a Alimony paid b Recipient's SSN ▶ 31a 32 IRA deduction 32 33 34 Reserved for future use 34 35 36 Add lines 23 through 35 35 35 36 Add lines 23 through 35 37 71,753		23	Educator expenses				23					1
Income 25 Health savings account deduction. Attach Form 8889 25 25 26 Moving expenses. Attach Form 3903 26 27 27 Deductible part of self-employment tax. Attach Schedule SE 27 28 29 Self-employed SEP, SIMPLE, and qualified plans 28 29 30 Penalty on early withdrawal of savings 30 30 31a Alimony paid b Recipient's SSN ▶ 31a 32 IRA deduction 32 31a 34 Reserved for future use 34 35 36 Add lines 23 through 35 35 37 37 Subtract line 36 from line 22. This is your adjusted gross income 37 71,753						1						
25 Health savings account deduction. Attach Form 3003 25 26 Moving expenses. Attach Form 3903 26 27 Deductible part of self-employment tax. Attach Schedule SE 27 28 Self-employed SEP, SIMPLE, and qualified plans 28 29 Self-employed health insurance deduction 29 30 29 30 31a Alimony paid b Recipient's SSN ▶ 32 IRA deduction 32 34 Reserved for future use 34 35 Domestic production activities deduction. Attach Form 8903 35 36 Add lines 23 through 35 35 37 Subtract line 36 from line 22. This is your adjusted gross income 37	-		fee-basis government c	officials. Attach I	Form 2106 or 210	06-EZ	24					
27 Deductible part of self-employment tax. Attach Schedule SE. 27	Income	25	Health savings accord	unt deduction	. Attach Form 8	3889 .	25			_		
28 Self-employed SEP, SIMPLE, and qualified plans 28			•			t t				-		
29 Self-employed health insurance deduction 29						E E				-		
30 Penalty on early withdrawal of savings 30						t t				-		
31a Alimony paid b Recipient's SSN 31a 32 32 32 32 32 33 32 33 32 33 32 33 33 33 33 33 33 33 33 33 33 33 34 33 34 33 34 35 35 35 35 35 36 36 36 36 37 71,753 37 71,753 37 71,753 37 71,753 37 71,753 37 37 71,753 37						t t						
32 IRA deduction					- I I							
33 Student loan interest deduction 33												
35 Domestic production activities deduction. Attach Form 8903 35 36 36 Add lines 23 through 35						E E E						
36 Add lines 23 through 35		34	Reserved for future u	ise			34					
37 Subtract line 36 from line 22. This is your adjusted gross income ► 37 71,753		35	Domestic production a	activities deduc	tion. Attach For	m 8903	35					
			•									
						-						

Comprehensive Problem 2B, cont.

Form 1040 (2017	7)			Page 2		
	38	Amount from line 37 (adjusted gross income)	38	71.753		
Terrard	39a	Check Vou were born before January 2, 1953, Blind. Total boxes				
Tax and		if: Spouse was born before January 2, 1953, ☐ Blind. Schecked ► 39a				
Credits	b	If your spouse itemizes on a separate return or you were a dual-status alien, check here 39b				
Standard	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	12,700		
Deduction	41	Subtract line 40 from line 38	41	59,053		
for –People who	42	Exemptions. If line 38 is \$156,900 or less, multiply \$4,050 by the number on line 6d. Otherwise, see instructions	42	8,100		
check any box on line	43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	50,953		
39a or 39b or	44	Tax (see instructions). Check if any from: a Form(s) 8814 b Form 4972 c	44	6.714		
who can be claimed as a	45	Alternative minimum tax (see instructions). Attach Form 6251	45			
dependent, see	46	Excess advance premium tax credit repayment. Attach Form 8962	46			
instructions.	47	Add lines 44, 45, and 46	47	6,714		
All others:	48	Foreign tax credit. Attach Form 1116 if required				
Single or Married filing	49	Credit for child and dependent care expenses. Attach Form 2441 49				
separately, \$6,350	50	Education credits from Form 8863, line 19				
Married filing	51	Retirement savings contributions credit. Attach Form 8880 51				
jointly or Qualifying	52	Child tax credit. Attach Schedule 8812, if required 52				
widow(er),	53	Residential energy credit. Attach Form 5695				
\$12,700 Head of	54	Other credits from Form: a 3800 b 8801 c 54				
household,	55	Add lines 48 through 54. These are your total credits	55			
\$9,350	56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0	56	6.714		
	57	Self-employment tax. Attach Schedule SE	57			
Other	58	Unreported social security and Medicare tax from Form: a 4137 b 8919	58			
_	59	Additional tax on IRAs, other gualified retirement plans, etc. Attach Form 5329 if required	59			
Taxes	60a	Household employment taxes from Schedule H	60a			
	b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b			
	61	Health care: individual responsibility (see instructions) Full-year coverage X	61			
	62	Taxes from: a Form 8959 b Form 8960 c Instructions; enter code(s)	62			
	63	Add lines 56 through 62. This is your total tax	63	6.714		
Payments	64	Federal income tax withheld from Forms W-2 and 1099 64 7,864				
	65	2017 estimated tax payments and amount applied from 2016 return 65				
If you have a	66a	Earned income credit (EIC)				
qualifying child, attach	b	Nontaxable combat pay election 66b				
Schedule EIC.	67	Additional child tax credit. Attach Schedule 8812 67				
	68	American opportunity credit from Form 8863, line 8 68				
	69	Net premium tax credit. Attach Form 8962 69				
	70	Amount paid with request for extension to file 70				
	71	Excess social security and tier 1 RRTA tax withheld 71				
	72	Credit for federal tax on fuels. Attach Form 4136 72				
	73	Credits from Form: a 2439 b Reserved c 8885 d 73				
	74	Add lines 64, 65, 66a, and 67 through 73. These are your total payments	74	7,864		
Refund	75	If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75	1,150		
	76a	Amount of line 75 you want refunded to you. If Form 8888 is attached, check here	76a	1,150		
Direct deposit?	► b	Routing number ► c Type: □ Checking □ Savings				
See instructions.	► d	Account number				
	77	Amount of line 75 you want applied to your 2018 estimated tax 77				
Amount	78	Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions	78			
You Owe	79	Estimated tax penalty (see instructions)				
Third Party				plete below. No		
Designee		signee's Phone Personal iden number (PIN)	tificatio			
Sign	Under p	enalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowled				
Here		ely list all amounts and sources of income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all inform	1			
Joint return? See	YO	ur signature Date Your occupation Pie Maker	Daytin	ne phone number		
instructions.			16.41			
Keep a copy for your records.	Sp	ouse's signature. If a joint return, both must sign. Date Spouse's occupation	PIN, en			
	D./	et/Turco proparario parto	here (se	ee inst.)		
Paid	Prii	nt/Type preparer's name Preparer's signature Date		c if PTIN		
Preparer		self-employed				
Use Only	Firm's name ► Firm's EIN ►					
	Firm's address ► Phone no.					

Go to www.irs.gov/Form1040 for instructions and the latest information.

50 Chapter 2 – Gross Income and Exclusions

Key Number Tax Return Summary

Chapter 2

Comprehensive Problem 1

Adjusted Gross Income (Line 21)	55,892
Taxable Income (Line 27)	35,092
Total Tax (Line 39)	4,284
Amount Overpaid (Line 47)	721

Comprehensive Problem 2A

Adjusted Gross Income (Line 37)	61,553
Taxable Income (Line 43)	40,753
Total Tax (Line 63)	5,184
Amount Overpaid (Line 75)	3,866

Comprehensive Problem 2B

Adjusted Gross Income (Line 37)	71,753
Taxable Income (Line 43)	50,953
Total Tax (Line 63)	6,714
Amount Overpaid (Line 75)	1,150