

***Income Tax Fundamentals 2022 40th edition  
Whittenburg Solutions Manual***

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**SOLUTIONS FOR  
QUESTIONS AND PROBLEMS**



## CHAPTER 1

### THE INDIVIDUAL INCOME TAX RETURN

#### Group 1 – Multiple Choice Questions

1. D The income tax was authorized by the 16th Amendment in 1913 (LO 1.1)
2. C The 1040A and 1040-EZ no longer exist and the 1120 is for corporations (LO 1.2)
3. D Partnerships use Form 1065 to report income tax information. A partner will report his or her share of income from a partnership on a Form 1040 (LO 1.2)
4. D Capital gains and losses are reported directly on the face of the Form 1040 (from Schedule D) (LO 1.2)
5. C Student loan interest is a for AGI deduction. The other responses are all itemized (from AGI) deductions (LO 1.3)
6. B The deduction for IRA contributions is a for AGI deduction (LO 1.3)
7. C \$98,000 – \$12,550 (standard deduction exceeds itemized deductions) (LO 1.3)
8. C Ben's income would need to exceed the standard deduction to require filing a tax return (LO 1.4)
9. C Joan qualifies as either single or head of household; however, head of household is more advantageous (LO 1.5)
10. D Although Dorothy does not live with Glenda, since Dorothy is a parent that Glenda supports, Glenda may file as head of household (LO 1.5)
11. E Either Margaret or her sister (but not both) may claim the mother as a dependent under a multiple support agreement (LO 1.6)
12. D The daughter fails the age test to be a qualifying child and she fails the gross income test (\$4,300 in 2021) to be a qualifying relative (LO 1.6)
13. E The child tax credit for a child age 6 or over in 2021 is \$3,000 (LO 1.6)
14. C The child tax credit for the 13-year-old child is \$3,000. The mother does not meet the support test and cannot be claimed (LO 1.6)
15. B You are not eligible for an EIP if you are claimed as a dependent (LO 1.7)
16. B The additional RRC of \$1,400 for the new child can be claimed as an additional refundable credit (LO 1.7)
17. E Head of household standard deduction plus additional standard deduction for age 65 (\$18,800 + \$1,700) (LO 1.8)
18. B Taxpayers age 65 or older are eligible for an additional standard deduction amount (LO 1.8)
19. B Taxpayers that are blind are eligible for an additional standard deduction amount (LO 1.8)
20. D Business inventory is not considered a capital asset (LO 1.9)
21. A Gain of \$15,000 (\$25,000 amount realized less \$10,000 adjusted basis) has been held for more than 12 months and is long-term (LO 1.9)
22. C  $\$10,000 = \$240,000 - (\$270,000 - \$40,000)$  (LO 1.9)
23. A  $\$43,000 - \$3,000$ . Net capital losses of up to \$3,000 may be deducted from ordinary income for individual taxpayers (LO 1.9)
24. A Line 5 is total 2021 payments (LO 1.10)
25. B A revenue ruling is an official interpretation by the IRS of the Internal Revenue Code (LO 1.10)
26. B About 94% of returns are filed electronically (LO 1.11)

#### Group 2 – Problems

1. a. Raising revenue to operate the government.  
b. Furthering economic goals such as reducing unemployment.  
c. Furthering social goals such as encouraging contributions to charities. (LO 1.1)
2. a. **\$36,300** = \$42,000 + \$300 – \$6,000.  
b. **\$25,100**, the greater of itemized deductions or the standard deduction of \$25,100.  
c. **\$11,200** = \$36,300 – \$25,100. (LO 1.3)
3. a. **\$25,000**.  
b. **\$12,550**, the greater of total itemized deductions or the standard deduction amount.  
c. **\$12,450** = \$25,000 – \$12,550. (LO 1.3)

4. a. **\$53,800** = \$54,000 + \$2,800 – \$3,000 (\$7,000 capital loss limited to \$3,000).  
 b. **\$12,550**  
 c. **\$41,450** = \$54,000 – \$12,550. (LO 1.3 and 1.9)
5. a. **\$47,500** = \$48,000 + \$2,500 – \$3,000.  
 b. **\$25,100**, the greater of itemized deductions or the standard deduction of \$25,100.  
 c. **\$22,400** = \$47,500 – \$25,100.  
 d. **\$2,293** (Tax Table) (LO 1.3, 1.5, and 1.8)

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

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

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

(LO 1.3, 1.5, and 1.8)

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

8. a. **\$34,450** = \$47,000 – \$12,550.  
 b. Tax tables. Taxpayers with income up to \$100,000 must use the tax tables.  
 c. **\$3,938**. (LO 1.3, 1.5, and 1.8)
9. a. **\$66,000** = \$50,000 + \$8,000 + \$5,000 + \$3,000.  
 b. **\$63,500** = \$66,000 – \$2,500.  
 c. **\$25,100**, the greater of itemized deductions or the standard deduction of \$25,100.  
 d. **\$38,400** = \$63,500 – \$25,100.  
 e. **\$4,213** (LO 1.3, 1.5, and 1.8)
10. a. **\$89,400** = \$85,400 + \$4,000.  
 b. **\$0**.  
 c. **\$64,200** = \$89,400 – \$25,200. (LO 1.3, 1.5, 1.6, and 1.8)
11. Taxable income is: **\$28,450** = \$41,000 – \$12,550. Tax liability from the tax tables not the tax rate schedules: **\$3,218**. (LO 1.3, 1.5, and 1.8)
12. **Yes**. Since Griffin owes Social Security taxes on the unreported tips (greater than \$400), he must file an income tax return. (LO 1.4)
13. a. **No**. Income is less than the \$12,550 standard deduction.  
 b. **Yes**. Unearned income was more than \$1,100. Also, gross income is more than the larger of \$1,100 or \$1,900 (earned income of \$1,550 plus \$350).  
 c. **No**. Their income is under the \$26,450 standard deduction [\$25,100 + \$1,350 (over 65 years old)].  
 d. **Yes**. Gross income is greater than \$25,100, the 2021 standard deduction.  
 e. **Yes**. His earnings exceeded the \$400 limit for self-employed persons.  
 (Note: All answers can be found in the figures in LO 1.4.)
14. Allen **\$2,324**.  
 Boyd **\$2,744**.  
 Caldwell **\$3,895**.  
 Dell **\$3,013**.  
 Evans **\$5,643**. (LO 1.5)

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

### Group 3 – Writing Assignments

#### 1. Research Solution:

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

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

Dear William and Sheila,

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

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

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

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

Sincerely,  
Trevor Malcolm  
for Whittenburg and Gill, CPAs

#### 2. Ethics Solution:

To: [JasonandMary@email.com](mailto:JasonandMary@email.com)  
Subject: Inquiry on filing status: single v. married filing jointly

Jason and Mary,

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

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

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

Your friend,  
Trevor Malcolm  
For Whittenburg and Gill, CPAs

### Group 4 – Comprehensive Problems

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

### Group 5 – Cumulative Software Problem

The solution to the Cumulative Software Problem is posted on the website for the textbook at [www.cengage.com/login](http://www.cengage.com/login).

## Comprehensive Problem 1A

|                  |                                                                                                      |      |                   |                                                    |
|------------------|------------------------------------------------------------------------------------------------------|------|-------------------|----------------------------------------------------|
| <b>Form 1040</b> | Department of the Treasury—Internal Revenue Service (99)<br><b>U.S. Individual Income Tax Return</b> | 2021 | OMB No. 1545-0074 | IRS Use Only—Do not write or staple in this space. |
|------------------|------------------------------------------------------------------------------------------------------|------|-------------------|----------------------------------------------------|

**Filing Status** ☒ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)  
 Check only one box.  
 If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

|                                                         |                               |                                                       |
|---------------------------------------------------------|-------------------------------|-------------------------------------------------------|
| Your first name and middle initial<br><b>Maria</b>      | Last name<br><b>Tallchief</b> | Your social security number<br><b>466   33   1234</b> |
| If joint return, spouse's first name and middle initial | Last name                     | Spouse's social security number                       |

Home address (number and street). If you have a P.O. box, see instructions.  
**543 Space Drive**

City, town, or post office. If you have a foreign address, also complete spaces below.  
**Houston,**

State **TX** ZIP code **77099**

Foreign country name Foreign province/state/county Foreign postal code

**Presidential Election Campaign**  
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  
☐ You ☐ Spouse

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

**Standard Deduction** **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent  
☐ Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** **You:** ☐ Were born before January 2, 1957 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1957 ☐ Is blind

**Dependents** (see instructions):

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

If more than four dependents, see instructions and check here ▶ ☐

|            |                                                                                              |            |        |
|------------|----------------------------------------------------------------------------------------------|------------|--------|
| <b>1</b>   | Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . .                                     | <b>1</b>   | 21,500 |
| <b>2a</b>  | Tax-exempt interest . . . . .                                                                | <b>2a</b>  |        |
| <b>3a</b>  | Qualified dividends . . . . .                                                                | <b>3a</b>  |        |
| <b>4a</b>  | IRA distributions . . . . .                                                                  | <b>4a</b>  |        |
| <b>5a</b>  | Pensions and annuities . . . . .                                                             | <b>5a</b>  |        |
| <b>6a</b>  | Social security benefits . . . . .                                                           | <b>6a</b>  |        |
| <b>7</b>   | Capital gain or (loss). Attach Schedule D if required. If not required, check here . . . . . | <b>7</b>   |        |
| <b>8</b>   | Other income from Schedule 1, line 10 . . . . .                                              | <b>8</b>   |        |
| <b>9</b>   | Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b> . . . . .        | <b>9</b>   | 21,500 |
| <b>10</b>  | Adjustments to income from Schedule 1, line 26 . . . . .                                     | <b>10</b>  |        |
| <b>11</b>  | Subtract line 10 from line 9. This is your <b>adjusted gross income</b> . . . . .            | <b>11</b>  | 21,500 |
| <b>12a</b> | <b>Standard deduction or itemized deductions</b> (from Schedule A) . . . . .                 | <b>12a</b> | 12,550 |
| <b>b</b>   | Charitable contributions if you take the standard deduction (see instructions)               | <b>12b</b> |        |
| <b>c</b>   | Add lines 12a and 12b . . . . .                                                              | <b>12c</b> | 12,550 |
| <b>13</b>  | Qualified business income deduction from Form 8995 or Form 8995-A . . . . .                  | <b>13</b>  |        |
| <b>14</b>  | Add lines 12c and 13 . . . . .                                                               | <b>14</b>  | 12,550 |
| <b>15</b>  | <b>Taxable income.</b> Subtract line 14 from line 11. If zero or less, enter -0- . . . . .   | <b>15</b>  | 8,950  |

Attach Sch. B if required.

**Standard Deduction for—**

- Single or Married filing separately, \$12,550
- Married filing jointly or Qualifying widow(er), \$25,100
- Head of household, \$18,800
- If you checked any box under **Standard Deduction**, see instructions.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2021)



## Comprehensive Problem 1A, cont.

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

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

Direct deposit?  
See instructions.

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

**Paid Preparer Use Only**

Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.

Form **1040** (2021)



## Comprehensive Problem 1B, cont.

Form 1040-SR (2021)

Page **2**

**Standard Deduction**  
See Standard Deduction Chart on the last page of this form.

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

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

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

## Comprehensive Problem 1B, cont.

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

|                                                                     |                                                                                                                                                                                                                                                                                                                    |                                                                                                                             |                                                           |                                                                                                        |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| <b>Refund</b>                                                       | <b>34</b>                                                                                                                                                                                                                                                                                                          | If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you <b>overpaid</b> . . . . .            | <b>34</b>                                                 | 480                                                                                                    |
|                                                                     | <b>35a</b>                                                                                                                                                                                                                                                                                                         | Amount of line 34 you want <b>refunded to you</b> . If Form 8888 is attached, check here . . . . . <input type="checkbox"/> | <b>35a</b>                                                | 480                                                                                                    |
| Direct deposit?<br>See instructions.                                | <b>b</b>                                                                                                                                                                                                                                                                                                           | Routing number <input type="text"/>                                                                                         | <b>c</b>                                                  | Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings                               |
|                                                                     | <b>d</b>                                                                                                                                                                                                                                                                                                           | Account number <input type="text"/>                                                                                         |                                                           |                                                                                                        |
|                                                                     | <b>36</b>                                                                                                                                                                                                                                                                                                          | Amount of line 34 you want <b>applied to your 2022 estimated tax</b> . . . . .                                              | <b>36</b>                                                 |                                                                                                        |
| <b>Amount You Owe</b>                                               | <b>37</b>                                                                                                                                                                                                                                                                                                          | <b>Amount you owe.</b> Subtract line 33 from line 24. For details on how to pay, see instructions . . . . .                 | <b>37</b>                                                 |                                                                                                        |
|                                                                     | <b>38</b>                                                                                                                                                                                                                                                                                                          | Estimated tax penalty (see instructions) . . . . .                                                                          | <b>38</b>                                                 |                                                                                                        |
| <b>Third Party Designee</b>                                         | Do you want to allow another person to discuss this return with the IRS? See instructions . . . . . <input type="checkbox"/> <b>Yes.</b> Complete below. <input type="checkbox"/> <b>No</b>                                                                                                                        |                                                                                                                             |                                                           |                                                                                                        |
|                                                                     | Designee's name <input type="text"/>                                                                                                                                                                                                                                                                               | Phone no. <input type="text"/>                                                                                              | Personal identification number (PIN) <input type="text"/> |                                                                                                        |
| <b>Sign Here</b>                                                    | Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. |                                                                                                                             |                                                           |                                                                                                        |
| Joint return?<br>See instructions.<br>Keep a copy for your records. | Your signature <input type="text"/>                                                                                                                                                                                                                                                                                | Date <input type="text"/>                                                                                                   | Your occupation<br><b>Cashier</b>                         | If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <input type="text"/>         |
|                                                                     | Spouse's signature. If a joint return, <b>both</b> must sign. <input type="text"/>                                                                                                                                                                                                                                 | Date <input type="text"/>                                                                                                   | Spouse's occupation                                       | If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) <input type="text"/> |
|                                                                     | Phone no. <input type="text"/>                                                                                                                                                                                                                                                                                     | Email address <input type="text"/>                                                                                          |                                                           |                                                                                                        |
| <b>Paid Preparer Use Only</b>                                       | Preparer's name <input type="text"/>                                                                                                                                                                                                                                                                               | Preparer's signature <input type="text"/>                                                                                   | Date <input type="text"/>                                 | PTIN <input type="text"/>                                                                              |
|                                                                     | Firm's name <input type="text"/>                                                                                                                                                                                                                                                                                   | Check if: <input type="checkbox"/> Self-employed                                                                            |                                                           |                                                                                                        |
|                                                                     | Firm's address <input type="text"/>                                                                                                                                                                                                                                                                                | Phone no. <input type="text"/>                                                                                              |                                                           |                                                                                                        |
|                                                                     |                                                                                                                                                                                                                                                                                                                    | Firm's EIN <input type="text"/>                                                                                             |                                                           |                                                                                                        |

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

## Comprehensive Problem 2A

|                                                                                                                          |      |                   |                                                    |
|--------------------------------------------------------------------------------------------------------------------------|------|-------------------|----------------------------------------------------|
| <b>Form 1040</b><br>Department of the Treasury—Internal Revenue Service (99)<br><b>U.S. Individual Income Tax Return</b> | 2021 | OMB No. 1545-0074 | IRS Use Only—Do not write or staple in this space. |
|--------------------------------------------------------------------------------------------------------------------------|------|-------------------|----------------------------------------------------|

**Filing Status** ☐ Single ☒ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)  
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

|                                                                         |                          |                                                                 |
|-------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------|
| Your first name and middle initial<br><b>Dora</b>                       | Last name<br><b>Knox</b> | Your social security number<br><b>4 6 7   7 4   4 4 5 1</b>     |
| If joint return, spouse's first name and middle initial<br><b>Hardy</b> | Last name<br><b>Knox</b> | Spouse's social security number<br><b>4 6 6   4 7   3 3 1 1</b> |

Home address (number and street). If you have a P.O. box, see instructions.  
**143 Maple Street**

City, town, or post office. If you have a foreign address, also complete spaces below.  
**Knoxville**

State **TN** ZIP code **37932**

Foreign country name Foreign province/state/county Foreign postal code

**Presidential Election Campaign**  
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  
☐ You ☐ Spouse

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

**Standard Deduction** **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent  
☐ Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** You: ☐ Were born before January 2, 1957 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1957 ☐ Is blind

**Dependents** (see instructions):

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

|     |                                                                                                                       |     |                                |        |
|-----|-----------------------------------------------------------------------------------------------------------------------|-----|--------------------------------|--------|
| 1   | Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . .                                                              |     | 1                              | 51,323 |
| 2a  | Tax-exempt interest . . . . .                                                                                         | 2a  | b Taxable interest . . . . .   | 2b     |
| 3a  | Qualified dividends . . . . .                                                                                         | 3a  | b Ordinary dividends . . . . . | 3b     |
| 4a  | IRA distributions . . . . .                                                                                           | 4a  | b Taxable amount . . . . .     | 4b     |
| 5a  | Pensions and annuities . . . . .                                                                                      | 5a  | b Taxable amount . . . . .     | 5b     |
| 6a  | Social security benefits . . . . .                                                                                    | 6a  | b Taxable amount . . . . .     | 6b     |
| 7   | Capital gain or (loss). Attach Schedule D if required. If not required, check here . . . . . <input type="checkbox"/> |     |                                | 7      |
| 8   | Other income from Schedule 1, line 10 . . . . .                                                                       |     |                                | 8      |
| 9   | Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b> . . . . . ▶                               |     |                                | 9      |
| 10  | Adjustments to income from Schedule 1, line 26 . . . . .                                                              |     |                                | 10     |
| 11  | Subtract line 10 from line 9. This is your <b>adjusted gross income</b> . . . . . ▶                                   |     |                                | 11     |
| 12a | <b>Standard deduction or itemized deductions</b> (from Schedule A) . . . . .                                          | 12a | 25,100                         |        |
| b   | Charitable contributions if you take the standard deduction (see instructions)                                        | 12b |                                |        |
| c   | Add lines 12a and 12b . . . . .                                                                                       | 12c | 25,100                         |        |
| 13  | Qualified business income deduction from Form 8995 or Form 8995-A . . . . .                                           | 13  |                                |        |
| 14  | Add lines 12c and 13 . . . . .                                                                                        | 14  | 25,100                         |        |
| 15  | <b>Taxable income.</b> Subtract line 14 from line 11. If zero or less, enter -0- . . . . .                            | 15  | 26,223                         |        |

Attach Sch. B if required.

**Standard Deduction for—**

- Single or Married filing separately, \$12,550
- Married filing jointly or Qualifying widow(er), \$25,100
- Head of household, \$18,800
- If you checked any box under *Standard Deduction*, see instructions.

**For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.** Cat. No. 11320B Form **1040** (2021)

\* The Knox's son does not meet the age test nor the gross income to qualify as a dependent.

## Comprehensive Problem 2A, cont.

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

Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.

Form **1040** (2021)

## Comprehensive Problem 2B

|             |             |                                                                                                      |             |                   |                                                    |
|-------------|-------------|------------------------------------------------------------------------------------------------------|-------------|-------------------|----------------------------------------------------|
| <b>Form</b> | <b>1040</b> | Department of the Treasury—Internal Revenue Service (99)<br><b>U.S. Individual Income Tax Return</b> | <b>2021</b> | OMB No. 1545-0074 | IRS Use Only—Do not write or staple in this space. |
|-------------|-------------|------------------------------------------------------------------------------------------------------|-------------|-------------------|----------------------------------------------------|

**Filing Status** ☐ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☒ Head of household (HOH) ☐ Qualifying widow(er) (QW)  
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

|                                                         |                           |                                                   |
|---------------------------------------------------------|---------------------------|---------------------------------------------------|
| Your first name and middle initial<br><b>Abigail</b>    | Last name<br><b>Boxer</b> | Your social security number<br><b>676 73 3311</b> |
| If joint return, spouse's first name and middle initial | Last name                 | Spouse's social security number                   |

Home address (number and street). If you have a P.O. box, see instructions.  
**3456 S Career Avenue**

City, town, or post office. If you have a foreign address, also complete spaces below.  
**Sioux Falls**

State **SD** ZIP code **57107**

Foreign country name Foreign province/state/county Foreign postal code

**Presidential Election Campaign**  
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  
☐ You ☐ Spouse

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

**Standard Deduction** **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent  
☐ Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** **You:** ☐ Were born before January 2, 1957 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1957 ☐ Is blind

**Dependents** (see instructions):

| (1) First name | Last name    | (2) Social security number | (3) Relationship to you | (4) <input checked="" type="checkbox"/> if qualifies for (see instructions):<br>Child tax credit | Credit for other dependents         |
|----------------|--------------|----------------------------|-------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------|
| <b>Helen</b>   | <b>Boxer</b> | <b>676 73 3312</b>         | <b>Daughter</b>         | <input type="checkbox"/>                                                                         | <input checked="" type="checkbox"/> |
|                |              |                            |                         | <input type="checkbox"/>                                                                         | <input type="checkbox"/>            |
|                |              |                            |                         | <input type="checkbox"/>                                                                         | <input type="checkbox"/>            |
|                |              |                            |                         | <input type="checkbox"/>                                                                         | <input type="checkbox"/>            |

|            |                                                                                                                       |            |               |
|------------|-----------------------------------------------------------------------------------------------------------------------|------------|---------------|
| <b>1</b>   | Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . .                                                              | <b>1</b>   | <b>59,802</b> |
| <b>2a</b>  | Tax-exempt interest . . . . .                                                                                         | <b>2a</b>  | <b>134</b>    |
| <b>3a</b>  | Qualified dividends . . . . .                                                                                         | <b>3a</b>  |               |
| <b>4a</b>  | IRA distributions . . . . .                                                                                           | <b>4a</b>  |               |
| <b>5a</b>  | Pensions and annuities . . . . .                                                                                      | <b>5a</b>  |               |
| <b>6a</b>  | Social security benefits . . . . .                                                                                    | <b>6a</b>  |               |
| <b>7</b>   | Capital gain or (loss). Attach Schedule D if required. If not required, check here . . . . . <input type="checkbox"/> | <b>7</b>   |               |
| <b>8</b>   | Other income from Schedule 1, line 10 . . . . .                                                                       | <b>8</b>   |               |
| <b>9</b>   | Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b> . . . . . ▶                               | <b>9</b>   | <b>60,102</b> |
| <b>10</b>  | Adjustments to income from Schedule 1, line 26 . . . . .                                                              | <b>10</b>  |               |
| <b>11</b>  | Subtract line 10 from line 9. This is your <b>adjusted gross income</b> . . . . . ▶                                   | <b>11</b>  | <b>60,102</b> |
| <b>12a</b> | <b>Standard deduction or itemized deductions</b> (from Schedule A) . . . . .                                          | <b>12a</b> | <b>18,800</b> |
| <b>b</b>   | Charitable contributions if you take the standard deduction (see instructions)                                        | <b>12b</b> |               |
| <b>c</b>   | Add lines 12a and 12b . . . . .                                                                                       | <b>12c</b> | <b>18,800</b> |
| <b>13</b>  | Qualified business income deduction from Form 8995 or Form 8995-A . . . . .                                           | <b>13</b>  |               |
| <b>14</b>  | Add lines 12c and 13 . . . . .                                                                                        | <b>14</b>  | <b>18,800</b> |
| <b>15</b>  | <b>Taxable income.</b> Subtract line 14 from line 11. If zero or less, enter -0- . . . . .                            | <b>15</b>  | <b>41,302</b> |

Attach Sch. B if required.

**Standard Deduction for—**

- Single or Married filing separately, \$12,550
- Married filing jointly or Qualifying widow(er), \$25,100
- Head of household, \$18,800
- If you checked any box under *Standard Deduction*, see instructions.

**For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.** Cat. No. 11320B Form **1040** (2021)



## Comprehensive Problem 2B, cont.

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

Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.Form **1040** (2021)



## Key Number Tax Return Summary

### Chapter 1

#### Comprehensive Problem 1A

|                                 |               |
|---------------------------------|---------------|
| Adjusted Gross Income (Line 11) | <u>21,500</u> |
| Taxable Income (Line 15)        | <u>8,950</u>  |
| Total Tax (Line 24)             | <u>898</u>    |
| Tax Refund (Line 35a)           | <u>310</u>    |

#### Comprehensive Problem 1B

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

#### Comprehensive Problem 2A

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

#### Comprehensive Problem 2B

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

# Instructor Manual

Whittenburg and Gill, Income Tax Fundamentals 2022, Core ISBN: 9780357516386; Chapter 1:  
The Individual Tax Return

## Table of Contents

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| Discussion Questions ..... | 13 |

## Chapter Objectives

The following objectives are addressed in this chapter:

- 1.1 Explain the history and objectives of U.S. tax law.
- 1.2 Describe the different entities subject to tax and reporting requirements.
- 1.3 Apply the tax formula for individuals.
- 1.4 Identify individuals who must file tax returns.
- 1.5 Determine filing status and understand the calculation of tax according to filing status.
- 1.6 Define qualifying dependents.
- 1.7 Determine the tax impact of the economic impact payment and the recovery rebate credit.
- 1.8 Calculate the correct standard or itemized deduction amount for taxpayers.
- 1.9 Compute basic capital gains and losses.
- 1.10 Access and use various Internet tax resources.
- 1.11 Describe the basics of electronic filing (e-filing).

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## Chapter Outline

*In the outline below, each element includes references (in parentheses) to related content. "CH.##" refers to the chapter objective; "PPT Slide #" refers to the slide number in the PowerPoint deck for this chapter (provided in the PowerPoints section of the Instructor Resource Center); and, as applicable for each discipline, accreditation or certification standards ("BL 1.3.3"). Introduce the chapter and use the Ice Breaker in the PPT if desired, and if one is provided for this chapter. Review learning objectives for Chapter 1. (PPT Slides 3–4).*

### I. Icebreaker and Learning Objectives (PPT Slides 2–4)

- a. The Icebreaker gives students an opportunity to get to know each other as they consider the purpose the income tax system and how well the system meets its goals.
- b. The Learning Objectives provide students with a brief overview of what they will learn in this chapter.

### II. History and Objectives of the Tax System (1.1, PPT Slides 5–6)

- a. The U.S. income tax was authorized by the Sixteenth Amendment to the Constitution on March 1, 1913.
  - i. Prior to its adoption, the U.S. government had levied various income taxes for limited periods of time (e.g., to finance the Civil War).
  - ii. The finding by the U.S. Supreme Court that the income tax law enacted in 1894 was unconstitutional led to the adoption of the Sixteenth Amendment in 1913, just in time to assist in U.S. war efforts during WWI.
  - iii. Since this amendment was adopted, the constitutionality of taxing income has not been questioned again before federal courts.
- b. Income taxes do more than provide revenue to operate government.
  - i. Income taxes also serve as a tool of economic and social policy.
    - Tax credits and deductions reward the individual taxpayer for making particular choices.
  - ii. Some tax provisions meet both economic and social goals.
    - Example: Gain on the sale of a personal residence is excluded from taxable income; it helps a family more easily afford a new home and ensures that the United States has a mobile workforce (employees are not penalized for moving).
- c. The poll on Slide 6 encourages students to consider which goal of the income tax system is most important. An argument could be made for each of the answers. It would depend on the priorities of the individual answering the question. The current economic needs of the country may also influence the importance of each goal.

### III. Reporting and Taxable Entities (1.2, PPT Slides 7-11)

- a. Under U.S. tax law, there are five basic tax reporting entities: individuals, corporations, partnerships, estates, and trusts.
- b. Individuals report on Form 1040 with attached schedules:

| Schedule | Primary Purpose                                                                                                         |
|----------|-------------------------------------------------------------------------------------------------------------------------|
| 1        | Additional forms of income such as IRA distributions and Social Security benefits; deductions for adjusted gross income |
| 2        | Additional taxes such as the alternative minimum tax                                                                    |
| 3        | Credits and payments other than withholding                                                                             |

c. Major Tax Forms and Schedules (in addition to schedules already listed):

| Form/Schedule | Description                                                                                          |
|---------------|------------------------------------------------------------------------------------------------------|
| 1040          | Individual return                                                                                    |
| Schedule A    | Itemized deductions                                                                                  |
| Schedule B    | Interest and dividend income                                                                         |
| Schedule C    | Profit or loss from business (sole proprietorship)                                                   |
| Schedule D    | Capital gains and losses                                                                             |
| Schedule E    | Supplemental income or loss (rent, royalty and pass-through income from Forms 1065, 1120S, and 1041) |
| Schedule F    | Farm and ranch income                                                                                |
| 1120          | Corporate tax return, long form                                                                      |
| 1120S         | S corporation tax return                                                                             |
| 1065          | Partnership information return                                                                       |
| Schedule K-1  | Allocation of partnership results                                                                    |
| 1041          | Fiduciary (estates and trusts) tax return                                                            |

d. The Corporation

- i. Corporations are taxed at a flat rate of 21%.
- ii. Corporations need to file Form 1120.
- iii. Form 1120S is used by corporations that elect S corporation status.
  - They don't pay regular corporate income taxes.
  - Instead, they pass through items of income or loss to shareholders.

e. The Partnership

- i. A partnership is a reporting entity, not a taxable entity.
- ii. Form 1065 is used to report partnership income/loss and allocation to partners.
  - Pass-through items of income or loss to partners

f. The Knowledge Check on Slide 11 confirms that students recognize the appropriate form and schedule for an individual taxpayer who receives

dividends of \$2,000 and does not itemize deductions. This taxpayer would file Form 1040 and Schedule B.

#### IV. The Tax Formula for Individuals (1.3, PPT Slides 12–16)

- a. This tax formula follows Form 1040:

Gross Income  
– Deductions for Adjusted Gross Income  
 = Adjusted Gross Income (AGI)  
 – Greater of Itemized Deductions or the Standard Deduction  
– Qualified Business Income Deduction  
 = Taxable Income  
× Tax Rate  
 = Gross Income Tax Liability and Additional Taxes  
– Tax Credits and Prepayments  
= Tax Due or Refund

- b. *Gross income* includes all income, unless tax law provides for a specific exclusion.

- c. *Deductions for adjusted gross income (AGI)* include the following:

- i. Certain trade or business expenses
- ii. Certain reimbursed employee business expenses paid under an accountable plan
- iii. Pre-2019 alimony payments
- iv. Student loan interest
- v. Penalty on early withdrawal from savings
- vi. Contributions to qualified retirement plans
- vii. Certain educator expenses

- d. *Adjusted gross income (AGI)* is the basis for limits for some deductions such as medical expenses.

- e. *Itemized deductions* include medical expenses, certain interest expenses, certain taxes, charitable contributions, miscellaneous deductions, and certain casualty losses.



### Standard Deduction Table

| Filing Status              | 2021 Standard Deduction |
|----------------------------|-------------------------|
| Single                     | \$12,550                |
| Married, filing jointly    | 25,100                  |
| Married, filing separately | 12,550                  |
| Head of household          | 18,800                  |
| Qualifying widow(er)       | 25,100                  |

- i. Taxpayers who are 65 years of age or older or blind are entitled to an additional standard deduction for blindness. This extra amount is \$1,350 for married taxpayers and surviving spouses and \$1,700 for unmarried taxpayers.
- f. A taxpayer's *gross tax liability* is obtained from a tax table or a tax schedule.
- g. *Tax credits and prepayments* are subtracted from gross tax liability to calculate the net tax due to the government or the refund due the taxpayer.

#### V. Who Must File (1.4, PPT Slides 17–20)

- a. Who must file is based on filing status and gross income. Slides 17–19 include information that details who must file. Slide 17 shows the chart that applies to most people, while Slide 18 contains filing requirements for children and other dependents. Slide 19 details other situations when a person must file. Some of those situations are listed below:
  - i. You owe any special taxes, such as Social Security and Medicare tax on tips.
  - ii. You have to pay alternative minimum tax, tax on an individual retirement account, or recapture of taxes or the first-time homebuyer credit.
  - iii. You (or your spouse if filing jointly) received health savings account, Archer MSA, or Medicare Advantage MSA distributions.
  - iv. You had net earnings of \$400 or more from self-employment.
  - v. You had wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer Social Security and Medicare taxes.

- vi. Advance payments of the premium tax credit or health coverage tax credit were made for you.
- vii. You are required to include amounts in income under Section 965.
- b. A taxpayer must send the tax return to the IRS Campus Processing Site by the fifteenth day of the fourth month of the year following the close of the tax year, or e-file by that date. Two exceptions are for Patriots' Day in Maine and Massachusetts and Emancipation Day in the District of Columbia.
- c. A six-month extension may be requested on Form 4868 by the April due date, but the taxpayer still needs to pay the tax due by April due date to avoid penalties.
- d. *A taxpayer otherwise not required to file a return must do so to receive an income tax refund.*
- e. The discussion on Slides 21–22 asks student to consider the filing status of a single person, and to come up with different scenarios in which such a person may or may not have to file.

#### VI. Filing Status and Tax Computation (1.5, PPT Slides 23–26)

- a. The tax law has five different filing statuses: single, married filing jointly, married filing separately, head of household, and qualifying widow(er).
- b. Head of household status applies if the taxpayer was an unmarried or abandoned spouse as of December 31 of the tax year and provides more than half of the cost of keeping a home that was the principal place of residence of a dependent child or other qualifying dependent relative.
- c. Qualifying widow(er) status applies to a taxpayer after the death of a spouse with a dependent child in the home; it continues for two years after the death of the spouse.
- d. For 2021, there are seven income tax brackets: 10%, 12%, 22%, 24%, 32%, 35%, and 37%.
  - i. The tax rates applicable to net long-term capital gains currently range from 0% to 31.8% depending on the taxpayer's tax bracket and the kind of capital asset. This is discussed in detail in Chapter 4.
  - ii. The tax rates for qualifying dividends range from 0% to 23.8%. This is discussed in detail in Chapter 2.
- e. The Knowledge Check on Slide 27 asks students to determine the filing status of a married taxpayer whose spouse left midyear and has no dependents. That taxpayer would file as married, filing separate returns.

#### VII. Qualifying Dependents (1.6, PPT Slides 28–36)

- a. Taxpayers are allowed two types of exemptions:
  - i. A dependent is an individual who meets the tests discussed below for either a qualifying child or qualifying relative.



- ii. The TCJA eliminated exemptions, but dependents are still important for reasons such as credits and head of household status.
- b. In order for a child to be considered a dependent, the following tests must be met:
  - i. Relationship Test
    - The child must be the taxpayer's child, stepchild, or adopted child, or the taxpayer's brother or sister, half-brother or half-sister, or stepsibling, or a descendant of any of these.
    - The child must be younger than the person claiming him or her, unless the child is permanently disabled.
  - ii. Domicile Test
    - The child must have the same principal place of abode as the taxpayer for more than six months of the tax year.
  - iii. Age Test
    - The child must be under age 19 or a full-time student under the age of 24.
    - A full-time student is defined as enrolled for at least five months in a tax year.
  - iv. Joint Return Test
    - The child must not file a joint return with his or her spouse.
  - v. Citizenship Test
    - The dependent must be a U.S. citizen, a resident of the United States, Canada, or Mexico, or an alien child adopted and living with a U.S. citizen.
  - vi. Self-Support Test
    - The taxpayer must provide more than one-half of the child's support. Support includes expenditures for food, lodging, clothes, medical and dental care, and education.
- c. What if the child meets dependency requirement for more than one taxpayer?
  - i. If one of the parties is a parent, he or she can claim the dependent.
  - ii. If both parties are a parent, then the one with whom the child resides longest can claim the dependent.
    - If residence period is the same or is not ascertainable, the parent with the highest AGI may claim the dependent.
  - iii. If no parents are involved, the person with the highest AGI may claim the dependent.

*Note:* If parents are legally separated or divorced, the parent with whom the child resides more than six months may claim the dependent. However,

dependency can shift if the custodial parent signs Form 8332, and the form is attached to the noncustodial parent's tax return.

- d. The Discussion on Slides 32–33 presents the case of a child who would qualify as a dependent for both his mother and his aunt. Students are asked to consider under what circumstances the aunt would be able to claim the child as a dependent, and why the child's mother and aunt might want the aunt to claim the child.
- e. In order to qualify as a relative, the following tests must be met:
  - i. Relationship or Member of Household Test
    - The dependent must be related to the taxpayer or spouse or be a member of the household.
    - The list of qualifying relatives includes parents, grandparents, children, grandchildren, siblings, aunts and uncles by blood, nephews and nieces, "in-laws," and adopted children.
    - Any person who lived in the taxpayer's home as a member of the household for the entire year meets the relationship test.
  - ii. Gross Income Test
    - A dependent must receive less than \$4,300 in gross income to qualify.
  - iii. Support Test
    - A dependent must receive over half of his or her support from the claiming taxpayer or spouse.
  - iv. Joint Return Test
    - The dependent must not file a joint return unless it is only to claim a refund of taxes.
  - v. Citizenship Test
    - The dependent must be a U.S. citizen, a resident of the United States, Canada, or Mexico, or an alien child adopted by and living with a U.S. citizen in a foreign country.
- f. Credits for Dependents
  - i. Dependent status is important for claiming tax credits for qualified dependents, even though exemption is eliminated from 2018–2025.
  - ii. Tax credits reduce tax liability dollar for dollar, while deductions lower the taxable income.
  - iii. The 2021 child tax credit is \$3,600 per child under 6 and \$3,000 for a child ages 6 through 17; the child must have a Social Security number.
  - iv. The 2021 tax credit for "other dependents" is \$500 each (qualifying child or qualifying dependent).

## VIII. Economic Impact Payment and Recovery Rebate Credit (1.7, PPT Slides 37–38)

- a. The economic impact payment (EIP) and recovery rebate credit (RRC) are one-time actions in response to the economic impact of the COVID-19 pandemic. Two different EIPs were authorized in 2020, and one during 2021.
  - i. EIP is a direct payment to certain taxpayers.
    - March 2021 EIP is \$1,400 (\$2,800 for married filing jointly)
    - Additional \$1,400 for each qualifying child
    - Phases out based on the ratio that the taxpayer's AGI exceeds \$150,000 divided by \$10,000 for married filing jointly, \$75,000 divided by \$5,000 for single, and \$112,500 divided by \$7,500 for head of household.
  - ii. RRC is a credit that accounts for situations when EIP is not representative of the taxpayer's tax position.
    - 2021 refundable tax credit
    - Same amount and phase-out limits as EIP
  - iii. EIP is considered an advanced refund of the RRC.
    - If equal, they offset.
    - If EIP exceeds RRC, taxpayer does not pay back excess.
  - iv. If EIP is less than RRC, excess RRC can be claimed as a refundable credit.

## IX. The Standard Deduction (1.8, PPT Slides 39–45)

- a. The standard deduction was put into the tax law to aid taxpayers with few itemized deductions.
- b. If a taxpayer has less gross income than his or her standard deduction, he or she has no taxable income.
- c. The following chart shows the 2021 standard deduction amounts.

| Filing Status              | 2021 Standard Deduction |
|----------------------------|-------------------------|
| Single                     | \$12,550                |
| Married, filing jointly    | 25,100                  |
| Married, filing separately | 12,550                  |
| Head of household          | 18,800                  |
| Qualifying widow(er)       | 25,100                  |

- i. There are additional amounts for Old Age and Blindness.
- ii. The following taxpayers cannot use the standard deduction, but must itemize instead:
  - A married individual filing a separate return, whose spouse itemizes deductions
  - Most nonresident aliens
  - An individual filing a short-period tax return resulting from a change in the annual accounting period
- iii. The total standard deduction for a dependent may not exceed the greater of \$1,100 or the sum of \$350 plus the dependent's earned income up to the basic standard deduction amount plus any additional standard deduction for old age or blindness.
- d. Slides 42–45 walk students through two examples of dependent children who face special limitations because of other earnings.

#### X. A Brief Overview of Capital Gains and Losses (1.9, PPT Slides 46–51)

- a. When taxpayers sell assets, the resulting transaction normally creates a gain or a loss. The basic formula for calculating a gain or loss is:

$$\text{Gain (or loss) realized} = \text{Amount realized} - \text{Adjusted basis}$$

- i. Most realized gains/losses are also recognized for tax purposes.
- ii. A capital asset is any property (personal or investment) held by a taxpayer, with certain exceptions as listed in the tax law.
  - Examples: Stocks, bonds, land, cars, boats, and other items held as investments or for personal use
  - Gains/losses on these assets are subject to special rates based upon income level.
- iii. The holding period of an asset determines its treatment.
  - Long-term is held more than 12 months and taxed at capital rates.
  - Short-term is held 12 months or less and taxed at ordinary rates.
- iv. Long-term capital gain is taxed at special rates depending upon taxpayer's bracket.
  - The table on Slides 49–50 shows the tax rates, based on filing status and income; also note there are special higher rates for "high-income" taxpayers (covered in Chapter 6).
- v. Long-term capital losses are only allowed \$3,000 per year against ordinary income.
  - Any unused balance can be carried forward to future years.

- b. Chapter 4 of the text explores gains and losses in more detail.

#### XI. Tax and the Internet (1.10, PPT Slides 52–53)

- a. The IRS has a site where taxpayers can obtain forms, publications, and regulations and view various tax-related articles.
  - i. The IRS site, [www.irs.gov](http://www.irs.gov), allows taxpayers to communicate with the IRS via e-mail.
  - ii. The IRS also offers IRS2GO, a mobile phone app.
  - iii. The IRS has launched a YouTube video channel, a Twitter account, and LinkedIn, Instagram, and Facebook pages.
  - iv. Intuit offers tax preparation products such as ProConnect Tax, Lacerte, and Turbo Tax.
    - Taxpayers can find ProConnect help at <https://proconnect.intuit.com/community/support/>.
- b. Poll 2 on Slide 54 asks students which resource they would go to first for online help or information from the IRS. There is no correct answer. The IRS website may be the most comprehensive resource, because of the ability to search for and download needed forms, instructions, and publications. However, any of the other platforms might be a first stop, depending upon the type of information sought.

#### XII. Electric Filing (e-filing) (1.11, PPT Slide 55)

- a. Electronic filing (e-filing) is the process of transmitting federal income tax return information to the IRS Service Center using a device with Internet access. Two methods of e-filing exist:
  - i. The first method is e-filing using a computer and tax preparation software to transmit information to the IRS.
  - ii. The second method is to employ a professional tax preparer to send the information.
- b. More than 94% of all individual taxpayers now e-file. Mandatory electronic filing is required for nearly the entire professional tax return preparation industry.

#### XII. Case Studies (PPT Slides 56–57)

- a. Case Study 1 considers the case of a 23-year-old full-time student who lives with his married brother and sister-in-law. Students are asked to refer to Publication 501 to determine whether or not the married couple can claim the student as a qualifying child, and then write a letter explaining their reasoning.
- b. Case Study 2 examines the case of a couple who married mid-year. They want to file single, rather than married filing jointly, to realize a larger



combined refund. Students should consider the legal and ethical implications, and prepare an e-mail responding to the query.

### XIII. Summary (PPT Slides 58–59)

- a. The Summary slides review the 11 Learning Objectives, covering what the students should have learned in this lesson.

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## Discussion Questions

You can assign these questions several ways: in a discussion forum in your LMS; as whole-class discussions in person; or as a partner or group activity in class.

1. Discussion 1: (1.4, PPT Slides 21–22) Duration 15 minutes.
  - a. Describe a situation in which you would not have to file taxes if you are a single person.
    - i. Answer: A single person would not have to file taxes if his or her gross income was beneath \$12,550, assuming the requirements for dependents also apply.
  - b. When two people are the same age and have the same earned income and marital status, is it possible that one is required to file and one is not?
    - i. Two people of the same age, earned income, and marital status could have a different filing status based on a number of factors. The primary factor is what their gross income is. For example, one individual may have more unearned income, which raises the gross income over the minimum limit. Another factor could be if either person is a dependent. Another factor is if the person is blind.
2. Discussion 2: (1.6, PPT Slides 32–33) Duration 10 minutes.
  - a. Owen is 12 years old. He lives in the same house with his mother, Leah, and his aunt, Christina.
  - b. Under what circumstances would Christina be able to claim Owen as a dependent? Why might Leah and Christina want Christina to claim Owen?
    - i. Answer: Since Leah is Owen's mother, she has the right to claim Owen as a dependent. The tie-breaking rules are not necessary if the taxpayer who can claim the dependent does not claim the dependent. Hence, Christina can claim Owen as a dependent if Leah does not claim him. Depending on the income of each woman, it may be financially advantageous for Christina, rather than Leah, to claim Owen as a dependent in order to lower their total tax burden.

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|                  |                                                                                                      |      |                   |                                                    |
|------------------|------------------------------------------------------------------------------------------------------|------|-------------------|----------------------------------------------------|
| <b>Form 1040</b> | Department of the Treasury—Internal Revenue Service (99)<br><b>U.S. Individual Income Tax Return</b> | 2021 | OMB No. 1545-0074 | IRS Use Only—Do not write or staple in this space. |
|------------------|------------------------------------------------------------------------------------------------------|------|-------------------|----------------------------------------------------|

**Filing Status** ☐ Single ☒ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)  
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

|                                                                              |                            |                                                       |
|------------------------------------------------------------------------------|----------------------------|-------------------------------------------------------|
| Your first name and middle initial<br><b>Albert T.</b>                       | Last name<br><b>Gaytor</b> | Your social security number<br><b>266 51 1966</b>     |
| If joint return, spouse's first name and middle initial<br><b>Allison A.</b> | Last name<br><b>Gaytor</b> | Spouse's social security number<br><b>266 34 1967</b> |

Home address (number and street). If you have a P.O. box, see instructions.  
**12340 Cocoshell Road**

City, town, or post office. If you have a foreign address, also complete spaces below.  
**Coral Gables**

State  
**FL**

ZIP code  
**33134**

Foreign country name Foreign province/state/county Foreign postal code

**Presidential Election Campaign**  
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  
☐ You ☐ Spouse

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

**Standard Deduction** **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent  
☐ Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** **You:** ☐ Were born before January 2, 1957 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1957 ☐ Is blind

**Dependents** (see instructions):

| (1) First name | Last name     | (2) Social security number | (3) Relationship to you | (4) <input checked="" type="checkbox"/> if qualifies for (see instructions):<br>Child tax credit | Credit for other dependents         |
|----------------|---------------|----------------------------|-------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------|
| <b>Crocker</b> | <b>Gaytor</b> | <b>261 55 1212</b>         | <b>Son</b>              | <input type="checkbox"/>                                                                         | <input checked="" type="checkbox"/> |
|                |               |                            |                         | <input type="checkbox"/>                                                                         | <input type="checkbox"/>            |
|                |               |                            |                         | <input type="checkbox"/>                                                                         | <input type="checkbox"/>            |
|                |               |                            |                         | <input type="checkbox"/>                                                                         | <input type="checkbox"/>            |

If more than four dependents, see instructions and check here ▶ ☐

|            |                                                                                              |            |               |
|------------|----------------------------------------------------------------------------------------------|------------|---------------|
| <b>1</b>   | Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . .                                     | <b>1</b>   | <b>67,303</b> |
| <b>2a</b>  | Tax-exempt interest . . . . .                                                                | <b>2a</b>  |               |
| <b>3a</b>  | Qualified dividends . . . . .                                                                | <b>3a</b>  |               |
| <b>4a</b>  | IRA distributions . . . . .                                                                  | <b>4a</b>  |               |
| <b>5a</b>  | Pensions and annuities . . . . .                                                             | <b>5a</b>  |               |
| <b>6a</b>  | Social security benefits . . . . .                                                           | <b>6a</b>  |               |
| <b>7</b>   | Capital gain or (loss). Attach Schedule D if required. If not required, check here . . . . . | <b>7</b>   |               |
| <b>8</b>   | Other income from Schedule 1, line 10 . . . . .                                              | <b>8</b>   |               |
| <b>9</b>   | Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b> . . . . .        | <b>9</b>   | <b>67,631</b> |
| <b>10</b>  | Adjustments to income from Schedule 1, line 26 . . . . .                                     | <b>10</b>  |               |
| <b>11</b>  | Subtract line 10 from line 9. This is your <b>adjusted gross income</b> . . . . .            | <b>11</b>  | <b>67,631</b> |
| <b>12a</b> | <b>Standard deduction or itemized deductions</b> (from Schedule A) . . . . .                 | <b>12a</b> | <b>25,100</b> |
| <b>b</b>   | Charitable contributions if you take the standard deduction (see instructions)               | <b>12b</b> |               |
| <b>c</b>   | Add lines 12a and 12b . . . . .                                                              | <b>12c</b> | <b>25,100</b> |
| <b>13</b>  | Qualified business income deduction from Form 8995 or Form 8995-A . . . . .                  | <b>13</b>  |               |
| <b>14</b>  | Add lines 12c and 13 . . . . .                                                               | <b>14</b>  | <b>25,100</b> |
| <b>15</b>  | <b>Taxable income.</b> Subtract line 14 from line 11. If zero or less, enter -0- . . . . .   | <b>15</b>  | <b>42,531</b> |

Attach Sch. B if required.

**Standard Deduction for—**

- Single or Married filing separately, \$12,550
- Married filing jointly or Qualifying widow(er), \$25,100
- Head of household, \$18,800
- If you checked any box under **Standard Deduction**, see instructions.

**For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.** Cat. No. 11320B Form **1040** (2021)

| Form 1040 (2021)                                              |                                                                                                                                                                                                                                                                                                                    | Page <b>2</b>                                    |
|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| <b>16</b>                                                     | Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>                                                                                                                                                                      | <b>16</b> 4,705                                  |
| <b>17</b>                                                     | Amount from Schedule 2, line 3                                                                                                                                                                                                                                                                                     | <b>17</b>                                        |
| <b>18</b>                                                     | Add lines 16 and 17                                                                                                                                                                                                                                                                                                | <b>18</b> 4,705                                  |
| <b>19</b>                                                     | Nonrefundable child tax credit or credit for other dependents from Schedule 8812                                                                                                                                                                                                                                   | <b>19</b> 500                                    |
| <b>20</b>                                                     | Amount from Schedule 3, line 8                                                                                                                                                                                                                                                                                     | <b>20</b>                                        |
| <b>21</b>                                                     | Add lines 19 and 20                                                                                                                                                                                                                                                                                                | <b>21</b> 500                                    |
| <b>22</b>                                                     | Subtract line 21 from line 18. If zero or less, enter -0-                                                                                                                                                                                                                                                          | <b>22</b> 4,205                                  |
| <b>23</b>                                                     | Other taxes, including self-employment tax, from Schedule 2, line 21                                                                                                                                                                                                                                               | <b>23</b>                                        |
| <b>24</b>                                                     | Add lines 22 and 23. This is your <b>total tax</b>                                                                                                                                                                                                                                                                 | <b>24</b> 4,205                                  |
| <b>25</b>                                                     | Federal income tax withheld from:                                                                                                                                                                                                                                                                                  |                                                  |
| <b>a</b>                                                      | Form(s) W-2                                                                                                                                                                                                                                                                                                        | <b>25a</b> 5,467                                 |
| <b>b</b>                                                      | Form(s) 1099                                                                                                                                                                                                                                                                                                       | <b>25b</b>                                       |
| <b>c</b>                                                      | Other forms (see instructions)                                                                                                                                                                                                                                                                                     | <b>25c</b>                                       |
| <b>d</b>                                                      | Add lines 25a through 25c                                                                                                                                                                                                                                                                                          | <b>25d</b> 5,467                                 |
| <b>26</b>                                                     | 2021 estimated tax payments and amount applied from 2020 return                                                                                                                                                                                                                                                    | <b>26</b>                                        |
| <b>27a</b>                                                    | Earned income credit (EIC)<br>Check here if you had not reached the age of 19 by December 31, 2021, and satisfy all other requirements for claiming the EIC. See instructions <input type="checkbox"/>                                                                                                             | <b>27a</b>                                       |
| <b>b</b>                                                      | Nontaxable combat pay election <b>27b</b>                                                                                                                                                                                                                                                                          |                                                  |
| <b>c</b>                                                      | Prior year (2019) earned income <b>27c</b>                                                                                                                                                                                                                                                                         |                                                  |
| <b>28</b>                                                     | Refundable child tax credit or additional child tax credit from Schedule 8812                                                                                                                                                                                                                                      | <b>28</b>                                        |
| <b>29</b>                                                     | American opportunity credit from Form 8863, line 8                                                                                                                                                                                                                                                                 | <b>29</b>                                        |
| <b>30</b>                                                     | Recovery rebate credit. See instructions                                                                                                                                                                                                                                                                           | <b>30</b>                                        |
| <b>31</b>                                                     | Amount from Schedule 3, line 15                                                                                                                                                                                                                                                                                    | <b>31</b>                                        |
| <b>32</b>                                                     | Add lines 27a and 28 through 31. These are your <b>total other payments and refundable credits</b>                                                                                                                                                                                                                 | <b>32</b>                                        |
| <b>33</b>                                                     | Add lines 25d, 26, and 32. These are your <b>total payments</b>                                                                                                                                                                                                                                                    | <b>33</b> 5,467                                  |
| <b>Refund</b>                                                 | <b>34</b> If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you <b>overpaid</b>                                                                                                                                                                                                   | <b>34</b> 1,262                                  |
| <b>35a</b>                                                    | Amount of line 34 you want <b>refunded to you</b> . If Form 8888 is attached, check here <input type="checkbox"/>                                                                                                                                                                                                  | <b>35a</b> 1,262                                 |
| <b>b</b>                                                      | Routing number <input type="text"/> <b>c</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings                                                                                                                                                                                              |                                                  |
| <b>d</b>                                                      | Account number <input type="text"/>                                                                                                                                                                                                                                                                                |                                                  |
| <b>36</b>                                                     | Amount of line 34 you want <b>applied to your 2022 estimated tax</b>                                                                                                                                                                                                                                               | <b>36</b>                                        |
| <b>Amount You Owe</b>                                         | <b>37</b> <b>Amount you owe.</b> Subtract line 33 from line 24. For details on how to pay, see instructions                                                                                                                                                                                                        | <b>37</b>                                        |
|                                                               | <b>38</b> Estimated tax penalty (see instructions)                                                                                                                                                                                                                                                                 | <b>38</b>                                        |
| <b>Third Party Designee</b>                                   | Do you want to allow another person to discuss this return with the IRS? See instructions <input type="checkbox"/> <b>Yes</b> . Complete below. <input type="checkbox"/> <b>No</b>                                                                                                                                 |                                                  |
|                                                               | Designee's name <input type="text"/>                                                                                                                                                                                                                                                                               | Phone no. <input type="text"/>                   |
|                                                               | Personal identification number (PIN) <input type="text"/>                                                                                                                                                                                                                                                          |                                                  |
| <b>Sign Here</b>                                              | 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 <input type="text"/>                                                                                                                                                                                                                                                                                          | Your occupation<br><b>Boat Captain</b>           |
| Spouse's signature. If a joint return, <b>both</b> must sign. | Date <input type="text"/>                                                                                                                                                                                                                                                                                          | Spouse's occupation<br><b>Unemployed</b>         |
| Phone no. <input type="text"/>                                | Email address <input type="text"/>                                                                                                                                                                                                                                                                                 |                                                  |
| <b>Paid Preparer Use Only</b>                                 | Preparer's name <input type="text"/>                                                                                                                                                                                                                                                                               | Preparer's signature <input type="text"/>        |
|                                                               | Date <input type="text"/>                                                                                                                                                                                                                                                                                          | PTIN <input type="text"/>                        |
|                                                               | Firm's name <input type="text"/>                                                                                                                                                                                                                                                                                   | Check if: <input type="checkbox"/> Self-employed |
|                                                               | Firm's address <input type="text"/>                                                                                                                                                                                                                                                                                | Phone no. <input type="text"/>                   |
|                                                               |                                                                                                                                                                                                                                                                                                                    | Firm's EIN <input type="text"/>                  |

Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.

Form **1040** (2021)