

1040 Software
PRACTICE
Returns
TY2021

INTRODUCTION

This **Software 1040 Practice Returns** document contains various tax return scenarios that can be used to practice entering returns in the 2022 1040 Desktop Software Program (for TY2021).

Choose from **Beginner, Intermediate, and Advanced** return scenarios to increase your skill using more complex forms and situations.

Recommended Prerequisites for Using the 1040 Software Practice Returns:

- Basic understanding of the desktop software
- Knowledgeable about tax law and tax return preparation
- Must be at latest version of the 2022 software (*Version 2022.030 as of 5.16.22*)

Other Important Instructions – Please Read BEFORE Entering Practice Returns:

- The first 5 digits of all SSN(s) have been provided. Complete each SSN using any 4 digits.
- Taxpayer addresses have been provided. Complete the address using your City, State, and Zipcode.
- Taxpayer and Spouse phone numbers have been provided.
- A checkmark ✓ indicates a line item in the software that requires a checkbox to be marked.
- Where applicable, always consider the **Recovery Rebate Credit (RRC)** as ***received in full*** and ***none received*** for the **Advance Child Tax Credit Payments**. Responding differently will result in answer key mismatches.
- Where applicable, always **answer NO** to all **Virtual Currency** questions (did taxpayer receive and/or dispose of any Virtual Currency during the tax year)
- Always **answer NO** to the **Protection Plus** and **Remote Signature** questions located Bottom of Client Data Screen.

| | |
|--|----------------------------|
| Enroll for Protection Plus to receive three years of audit assistance for this return? | <input type="checkbox"/> N |
| Remote Signature | |
| Does the Taxpayer consent to receive and sign their documentation remotely? | <input type="checkbox"/> N |
| Include Remote Signature charge(s) on the invoice? | <input type="checkbox"/> N |

Training Return Mode Database:

- **Important!** For easy-to-follow instructions on how to enter and keep training returns separate from *live* client returns in the desktop software, [click here](#).

Other Training Resources:

Be sure to visit our [Resource Center](#) to access helpful training materials that include:

- **Software Tutorial** - Comprehensive step-by-step instructions (*Based on the 2021 Program for TY2020*)
- **Training Videos** on Software Program Features and Functionality
- **Recorded Webinars** (*Example: 1040 Walk-Through and In-Depth Program Features*)
- **Here's How-To Guides** - providing quick step-by-step instructions on how to use various software features and functions.

For Questions or Assistance: Contact the Partner Support Team at 206-209-2653 or email us at help@erosupport.com.

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1040

Beginning
RETURNS

Beginning Practice Return

01

Summary: Single Taxpayer with W-2 Wages and No Dependents

Background: Taxpayer is single under the age of 65, cannot be claimed as a dependent on another return, and is not blind or disabled. Taxpayer received a Form W-2 from his employer for wages and is not claiming any dependents. The primary residence of the Taxpayer was the United States for the entire year.

Client Data: Taxpayer

| Taxpayer Information | Field Value |
|----------------------|---------------------|
| SSN | 20611XXXX |
| Date of birth | 042788 |
| Name | Wages Single |
| Occupation | Clerk |
| Home Phone | 2062092653 |
| Address | 1040 Return Way |
| Zip code | Input your zip code |

Available Documentation:

- Taxpayer Form W-2

| | | | | | | | |
|---|----------------------------|-------------------------------|---------------------|---|---------------------|--|--|
| 2222 | | Void <input type="checkbox"/> | | a Employee's social security number 206-11-XXXX | | For Official Use Only ▶ OMB No. 1545-0008 | |
| b Employer identification number (EIN) 95-4297897 | | | | 1 Wages, tips, other compensation 13,572 | | 2 Federal income tax withheld 1,298 | |
| c Employer's name, address, and ZIP code SMART & FINAL STORES LLC 600 CITADEL DRIVE LOS ANGELES CA 90040 | | | | 3 Social security wages 13,572 | | 4 Social security tax withheld 841 | |
| | | | | 5 Medicare wages and tips 13,572 | | 6 Medicare tax withheld 197 | |
| | | | | 7 Social security tips | | 8 Allocated tips | |
| d Control number | | | | 9 | | 10 Dependent care benefits | |
| e Employee's first name and initial WAGES | | Last name SINGLE | | Suff. | | 11 Nonqualified plans | |
| f Employee's address and ZIP code 1040 RETURN WAY | | | | 13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/> | | 12a See instructions for box 12 | |
| | | | | 14 Other | | 12b | |
| | | | | | | 12c | |
| | | | | | | 12d | |
| 15 State | Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax | 18 Local wages, tips, etc. | 19 Local income tax | 20 Locality name | |

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

Copy A For Social Security Administration -- Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.

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For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Additional return processing items and / or information:

8867 Due Diligence

Return Is eligible for EIC

- ✓ Part I - Due diligence requirements were met
- ✓ Part II - Return is eligible for EIC

Target Refund Amount: \$2,399

Refund Disbursement Option: IRS Paper Check

Return Answer Key:

- Total income: \$13,572
- Standard deduction: \$12,550
- Taxable income: \$1,022
- Tax: \$101
- Withholding: \$1,298
- Total Other Payments and Refundable Credits: \$1,202
- Refund: \$2,399

Beginning Practice Return

02

Summary: Married Filing Joint Taxpayers with W-2 Wages and 1 Dependent.

Background: Taxpayer and Spouse are Married Filing Jointly. Both are under 65, cannot be claimed as dependents on another return, and are not blind or disabled. Both taxpayers are reporting Form W-2 wages. They are claiming their son as a dependent that lived with the taxpayers for the entire year and cannot be claimed by another taxpayer.

Client Data: Taxpayer, Spouse and Dependent

| Taxpayer Information | Field Value |
|----------------------|----------------|
| SSN | 20612XXXX |
| Date of birth | 021479 |
| Name | Credits Income |
| Occupation | Retail |
| Home Phone | 2062092653 |

| Spouse Information | Field Value |
|--------------------|---------------|
| SSN | 20712XXXX |
| Date of birth | 052779 |
| Name | Spouse Income |
| Occupation | Manager |
| Home Phone | 2062092653 |

| Address | Zip Code |
|-----------------|---------------------|
| 1040 Return Way | Input your zip code |

| Dependent Information | Field Value |
|--------------------------------|---------------|
| Name | DepOne Income |
| Date of birth | 122209 |
| SSN | 20812XXXX |
| Relationship | Son |
| Months lived with the taxpayer | 12 |
| Dependent code | 1 |
| EIC code | E |
| CTC/ODC code | C |

Available documentation:

- Taxpayer and Spouse Form W-2s

Taxpayer Form W-2:

| | | | | | | |
|---|----------------------------|-------------------------------|---|----------------------------|--|---------------------------------|
| 22222 | | Void <input type="checkbox"/> | a Employee's social security number 206-12- XXXXXX | | For Official Use Only OMB No. 1545-0008 | |
| b Employer identification number (EIN) 13-1988404 | | | 1 Wages, tips, other compensation 13,675 | | 2 Federal income tax withheld 912 | |
| c Employer's name, address, and ZIP code FOOT LOCKER RETAIL INC 3543 SIMPSON FERRY RD NORWALK CA 90650 | | | 3 Social security wages 13,675 | | 4 Social security tax withheld 848 | |
| | | | 5 Medicare wages and tips 13,675 | | 6 Medicare tax withheld 198 | |
| | | | 7 Social security tips | | 8 Allocated tips | |
| d Control number | | | 9 XXXXXX | | 10 Dependent care benefits | |
| e Employee's first name and initial CREDITS | | Last name INCOME | Suff. | 11 Nonqualified plans | | 12a See instructions for box 12 |
| f Employee's address and ZIP code 1040 RETURN WAY | | | 13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/> | | 12b | |
| | | | 14 Other | | 12c | |
| | | | | | 12d | |
| | | | | | | |
| 15 State | Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax | 18 Local wages, tips, etc. | 19 Local income tax | 20 Locality name |
| | | | | | | |

Form W-2 Wage and Tax Statement

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Spouse Form W-2:

| | | | | | | |
|---|----------------------------|-------------------------------|---|----------------------------|--|---------------------------------|
| 22222 | | Void <input type="checkbox"/> | a Employee's social security number 207-12- XXXXXX | | For Official Use Only OMB No. 1545-0008 | |
| b Employer identification number (EIN) 46-5159159 | | | 1 Wages, tips, other compensation 17,927 | | 2 Federal income tax withheld 754 | |
| c Employer's name, address, and ZIP code TARGET STORES INC 10 MAIN ST LOS ANGELES CA 90019 | | | 3 Social security wages 17,927 | | 4 Social security tax withheld 1,111 | |
| | | | 5 Medicare wages and tips 17,927 | | 6 Medicare tax withheld 260 | |
| | | | 7 Social security tips | | 8 Allocated tips | |
| d Control number | | | 9 XXXXXX | | 10 Dependent care benefits | |
| e Employee's first name and initial SPOUSE | | Last name INCOME | Suff. | 11 Nonqualified plans | | 12a See instructions for box 12 |
| f Employee's address and ZIP code 1040 RETURN WAY | | | 13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/> | | 12b | |
| | | | 14 Other | | 12c | |
| | | | | | 12d | |
| | | | | | | |
| 15 State | Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax | 18 Local wages, tips, etc. | 19 Local income tax | 20 Locality name |
| | | | | | | |

Form W-2 Wage and Tax Statement

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Additional return processing items and / or information:

EIC Checklist

- ✓ The qualifying child is unmarried
- ✓ No other taxpayer can claim the qualifying child

8867 Due Diligence

Return Is eligible for EIC/CTC/ACTC/ODC

- ✓ Part I - Due diligence requirements were met
- ✓ Part II - Return is eligible for EIC
- ✓ Part III - Return is eligible for CTC/ACTC/ODC
- ✓ Part IV - Confirm that due diligence requirements have been met

Proof of Residency

- ✓ School records
- ✓ Medical records

Target Refund Amount: \$6,647

Refund Disbursement Option: IRS Direct Deposit

Account Info:

- Bank: Bank of America
- Account: 123456789
- Routing: 121000358
- Type: Checking

Return Answer Key:

- Total income: \$31,602
- Standard deduction: \$25,100
- Taxable income: \$6,502
- Tax: \$653
- Withholding: \$1,666
- Total Other Payments and Refundable Credits: \$5,634
- Refund: \$6,647

Beginning Practice Return

03

Summary: Head of Household Taxpayer with W-2 Wages and 1 Dependent (Parent)

Background: Taxpayer is Head of Household under the age of 65, cannot be claimed as a dependent on another return, and is not blind or disabled. Taxpayer received a Form W-2 his employer for wages and is claiming their parent as a dependent. The primary residence of the Taxpayer and dependent was the United States for the entire year.

Client Data: Primary Taxpayer and Dependent

| Taxpayer Information | Field Value |
|----------------------|---------------------|
| SSN | 20613XXXX |
| Date of birth | 061488 |
| Name | Household Headof |
| Occupation | Supervisor |
| Address | 1040 Return Way |
| Zip code | Input your zip code |
| Home Phone | 2062092653 |

| Dependent Information | Field Value |
|--------------------------------|---------------|
| Name | DepOne Headof |
| Date of birth | 012740 |
| SSN | 20713XXXX |
| Relationship | Parent |
| Months lived with the taxpayer | 12 |
| Dependent code | 3 |
| EIC code | N |
| CTC/ODC code | D |


Available documentation:

- Taxpayer Form W-2

| | | | | | | |
|--|----------------------------|-------------------------------|---|----------------------------|--|---------------------------------|
| 22222 | | Void <input type="checkbox"/> | a Employee's social security number 206-13- [REDACTED] | | For Official Use Only OMB No. 1545-0008 | |
| b Employer identification number (EIN) 13-2745892 | | | 1 Wages, tips, other compensation 26,345 | | 2 Federal income tax withheld 1,698 | |
| c Employer's name, address, and ZIP code VERIZON BUSINESS NETWORK 22001 LOUDOUN CO PARKWAY ASHBURN VA 20147 | | | 3 Social security wages 26,345 | | 4 Social security tax withheld 1,633 | |
| | | | 5 Medicare wages and tips 26,345 | | 6 Medicare tax withheld 382 | |
| | | | 7 Social security tips | | 8 Allocated tips | |
| d Control number | | | 9 [REDACTED] | | 10 Dependent care benefits | |
| e Employee's first name and initial HOUSEHOLD | | Last name HEADOF | Suff. | 11 Nonqualified plans | | 12a See instructions for box 12 |
| f Employee's address and ZIP code 1040 RETURN WAY | | | 13 Statutory employee <input type="checkbox"/> Retiree <input type="checkbox"/> Third-party sick pay <input type="checkbox"/> | | 12b | |
| | | | 14 Other | | 12c | |
| | | | | | 12d | |
| | | | | | | |
| 15 State | Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax | 18 Local wages, tips, etc. | 19 Local income tax | 20 Locality name |
| | | | | | | |

Form **W-2** Wage and Tax Statement
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Additional return processing items and / or information:

8867 Due Diligence

Return Is eligible for Other Dependent Credit (ODC)

- ✓ Part I - Due diligence requirements were met
- ✓ Part III - Return is eligible for ODC
- ✓ Part IV - Return is not claiming the AOTC
- ✓ Part IV - Confirm that due diligence requirements have been met

Proof of Residency

- ✓ Landlord statement
- ✓ Social security service record

Head of Household Records

- ✓ Rent statements

Target Refund Amount: \$1,445

Refund Disbursement Option: IRS Paper Check

Return Answer Key:

- Total income: \$26,345
- Standard deduction: \$18,800
- Taxable income: \$7,545
- Tax: \$753
- Withholding: \$1,698
- Total Other Payments and Refundable Credits: \$0.00
- Refund: \$1,445

Beginning Practice Return

04

Summary: Single Taxpayer with Self-Employment Income (Filing a Schedule C – Business Income)

Background: Taxpayer is Single, under the age of 65, cannot be claimed as a dependent on another return, is not blind or disabled. Taxpayer is self-employed, received both cash payments and a Form 1099-NEC, and is not claiming expenses (expenses were paid by the contractor). The primary residence of the Taxpayer was the United States for the entire year.

Client Data: Primary Taxpayer

| Taxpayer Information | Field Value |
|----------------------|---------------------|
| SSN | 20614XXXX |
| Date of birth | 052296 |
| Name | Employed Self |
| Occupation | Sales |
| Address | 1040 Return Way |
| Zip code | Input your zip code |
| Home Phone | 2062092653 |

| Business Information (Schedule C) | Field Value |
|-------------------------------------|---|
| Principle business | Sales |
| Activity code | 517000 |
| Activity description | Telecommunications Internet Service Providers |
| Address | Same as CDS (Client Data Screen) |
| Accounting method | Cash |
| Qualified business income indicator | N |

Available documentation:

- Form 1099-NEC for Taxpayer (Self-Employed)

Taxpayer 1099-NEC

| | | | | | |
|---|--------------------------------------|--|---------------------------|--|---------------------------------|
| 7171 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED | | | | OMB No. 1545-0116 | Nonemployee Compensation |
| PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. TIME WARNER INC 345 CONNECT ST LOS ANGELES CA 90011-0000-000000 | | | | Form 1099-NEC | |
| PAYER'S TIN 13-4099534 | RECIPIENT'S TIN 206-14- | 1 Nonemployee compensation \$ 15,429 | | Copy A For Internal Revenue Service Center File with Form 1096. | |
| RECIPIENT'S name EMPLOYED SELF | | 2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/> | | | |
| Street address (including apt. no.) 1040 RETURN WAY | | 3 | | General Instructions for Certain Information Returns. | |
| City or town, state or province, country, and ZIP or foreign postal code SANTA FE SPRINGS CA 90670 | | 4 Federal income tax withheld \$ | | | |
| Account number (see instructions) | 2nd TIN not <input type="checkbox"/> | 5 State tax withheld \$ | 6 State/Payer's state no. | 7 State income \$ | |
| | | | | | |

Form **1099-NEC** 1037 CPTS 1USNC1 www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service
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Additional return processing items and / or information:

Schedule C – Business Income

Cash Received: \$1,321

8867 Paid Preparer's Due Diligence Checklist

Return Is eligible for EIC

- ✓ Part I - Due diligence requirements were met
- ✓ Part II - Return is eligible for EIC
- ✓ Part VI – Forms 1099 Received

Target Balance Due Amount: \$1,793

Refund Disbursement Option: N/A

Return Answer Key:

- Total income: \$15,566
- Standard deduction: \$12,550
- Other Taxes: \$2,367
- Balance Due: \$1,793

Additional Resources:

For more information on Self-Employed, visit IRS.gov: [Publication 334 – Tax Guide for Small Business](#) (For Individuals Who Use Schedule C) | [Español](#). This publication contains general information about the federal tax laws that apply to small business owners who are sole proprietors and to statutory employees.

Beginning Practice Return

05

Summary: Married Filing Joint Taxpayers with W-2 Wages and Retirement Income. No Dependents

Background: Taxpayer and Spouse are Married Filing a Joint return. Taxpayer is under age 65 and spouse is over age 65, neither can be claimed as dependents on another return and are not blind or disabled. Taxpayer worked part-time and received a Form W-2 for wages from his employer and spouse is retired and received a Form SSA-1099 from Social Security for retirement income. The primary residence of the taxpayer and spouse was the United States for the entire year.

Client Data: Primary Taxpayer and Spouse

| Taxpayer Information | Field Value |
|----------------------|---------------------|
| SSN | 20615XXXX |
| Date of birth | 041463 |
| Name | Benefits Retired |
| Occupation | Retired |
| Address | 1040 Return Way |
| Zip code | Input your zip code |
| Home Phone | 2062092653 |

| Spouse Information | Field Value |
|--------------------|----------------|
| SSN | 20715XXXX |
| Date of birth | 071452 |
| Name | Spouse Retired |
| Occupation | Retired |
| Home Phone | 2062092653 |

Available documentation:

- Form W-2 for Taxpayer
- Form SSA-1099 for Spouse

Taxpayer Form W-2

| | | | | | | |
|--|--|-------------------------------|---|----------------------------|--|------------------|
| 22222 | | Void <input type="checkbox"/> | a Employee's social security number 206-15- [REDACTED] | | For Official Use Only OMB No. 1545-0048 | |
| b Employer identification number (EIN) 70-0794409 | | | 1 Wages, tips, other compensation 9,672 | | 2 Federal income tax withheld 412 | |
| c Employer's name, address, and ZIP code WALMART ASSOCIATES, INC 708 SW 8TH STREET BENTONVILLE AR 72716 | | | 3 Social security wages 9,672 | | 4 Social security tax withheld 600 | |
| | | | 5 Medicare wages and tips 9,672 | | 6 Medicare tax withheld 140 | |
| | | | 7 Social security tips | | 8 Allocated tips | |
| | | | 9 [REDACTED] | | 10 Dependent care benefits | |
| d Control number | | | 11 Nonqualified plans | | 12a See instructions for box 12 | |
| e Employee's first name and initial BENEFITS | | Last name RETIRED | Suff. | 12b | | |
| f Employee's address and ZIP code 1040 RETURN WAY | | | 13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/> | | 12c | |
| | | | 14 Other | | 12d | |
| | | | | | | |
| | | | | | | |
| 15 State Employer's state ID number | | 16 State wages, tips, etc. | 17 State income tax | 18 Local wages, tips, etc. | 19 Local income tax | 20 Local ty name |
| | | | | | | |

Form W-2 Wage and Tax Statement

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Spouse SSA-1099

| | | | |
|--|--|--|--|
| Form SSA-1099 | | Social Security Benefit Statement | |
| Box 1. Name SPOUSE RETIRED | | Box 2. Beneficiary's SSN 207-15- [REDACTED] | |
| Box 3. Benefits Paid in 2019 32,164 | Box 4. Benefits repaid to SSA in 2019 4,568 | Box 5. Net Benefits for 2019 27,596 | |
| Medicare premiums deducted from benefits Link to (Sch A, C or F) SCHEDULE A | | Box 6. Federal Income Tax Withheld* 692 | |
| | | Box 7. Address | |
| | | Box 8. Claim Number | |

Note: *Federal Tax Withheld--Box 9 on Form SSA-1042S is identical to Box 6 on Form SSA-1099.
This form can be used to input information from Form SSA-1042S.

Additional return processing items and / or information:

EIC Checklist

8867 Due Diligence

- ✓ Part I - Due diligence requirements were met
- ✓ Part II - Return is eligible for EIC
- ✓ Part IV - Confirm that due diligence requirements have been met

Target Refund Amount: \$2,584

Refund Disbursement Option: IRS Direct Deposit

Account Info:

- Bank: Bank of America
- Account: 123456789
- Routing: 121000358
- Type: Checking

Return Answer Key:

- Total income: \$9,672
- Standard deduction: \$26,450
- Withholding: \$1,104
- Total Other Payments and Refundable Credits: \$1,480
- Refund: \$2,584

Beginning Practice Return

06

Summary: Single Taxpayer with Form W-2 Wages and Claimed as a Dependent on Parents Return

Background: The taxpayer is single, under 65, not blind or disabled and is claimed as a dependent on their parents' tax return. Taxpayer is using the Single Filing Status to report Form W-2 for wages received from their employer. Although they are not required to file, the individual is choosing to file to recover federal tax withholdings.

Client Data: Taxpayer

| Taxpayer Information | Field Value |
|----------------------|---------------------|
| SSN | 20610XXXX |
| Date of birth | 071200 |
| Name | Ofanother Dependent |
| Occupation | Student |
| Address | 1040 Return Way |
| Zip code | Input your zip code |
| Home Phone | 2062092653 |

Available Documentation:

- Form W-2 for Taxpayer

Taxpayer Form W-2

| | | | | | | | |
|--|--|-------------------------------|---|---------------------|--|----------------------------|--|
| 22222 | | Void <input type="checkbox"/> | a Employee's social security number 206-10-XXXX | | For Official Use Only OMB No. 1545-0008 | | |
| b Employer identification number (EIN) 13-3357362 | | | 1 Wages, tips, other compensation 7,512 | | 2 Federal income tax withheld 752 | | |
| c Employer's name, address, and ZIP code KOHLS DEPT STORE N56W17000 RIDGEWOOD DR MENOMONEE FALLS WI 53051 | | | 3 Social security wages 7,512 | | 4 Social security tax withheld 466 | | |
| | | | 5 Medicare wages and tips 7,512 | | 6 Medicare tax withheld 109 | | |
| | | | 7 Social security tips | | 8 Allocated tips | | |
| d Control number | | | 9 | | 10 Dependent care benefits | | |
| e Employee's first name and initial OFANOTHER | | Last name DEPENDENT | | Suff. | | 11 Nonqualified plans | |
| f Employee's address and ZIP code 1040 RETURN WAY | | | 13 Statutory employee <input type="checkbox"/> Nonstatutory employee <input type="checkbox"/> Temporary with pay <input type="checkbox"/> | | 12a See instructions for box 12 | | |
| | | | 14 Other | | 12b | | |
| | | | | | 12c | | |
| | | | | | 12d | | |
| 15 State Employer's state ID number | | 16 State wages, tips, etc. | | 17 State income tax | | 18 Local wages, tips, etc. | |
| | | | | | | 19 Local income tax | |
| | | | | | | 20 Locality name | |

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

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1

Additional return processing items and / or information: None

Target Refund Amount: \$752

Refund Disbursement Option: IRS Paper Check

Return Answer Key:

- Total income: \$7,512
- Standard deduction: \$7,862
- Withholding: \$752
- Total Other Payments and Refundable Credits: \$0.00
- Refund: \$752

1040

Intermediate
RETURNS

Intermediate Practice Return

01

Summary: Single Taxpayer with W-2 Wages and Tuition Statement. No Dependents

Background: Taxpayer is single, under age 65, is not claimed as a dependent on another return and is not blind or disabled. Taxpayer is a college student, received a 1098-T Tuition Statement from his college, and is eligible for an AOTC (American Opportunity Tuition Credit). Taxpayer also worked two jobs, receiving a Form W-2 for wages from each employer. The primary residence of the taxpayer was the United States for the entire year.

Client Data: Taxpayer

| Taxpayer Information | Field Value |
|----------------------|---------------------|
| SSN | 20620XXXX |
| Date of birth | 080898 |
| Name | Credits Education |
| Occupation | Student |
| Home phone | 2062092653 |
| Address | 1040 Return Way |
| Zip code | Input your zip code |

Available documentation

- (2) Form W-2 for Taxpayer
- Form 1098-T (Tuition Statement)

Taxpayer Form W-2 (1 of 2)

| | | | | | | | |
|---|--|-------------------------------|--|---|--|--|--|
| 22222 | | Void <input type="checkbox"/> | | a Employee's social security number 206-20- [REDACTED] | | For Official Use Only ▶ OMB No. 1545-0008 | |
| b Employer identification number (EIN) 91-1325671 | | | | 1 Wages, tips, other compensation 4,452 | | 2 Federal income tax withheld | |
| c Employer's name, address, and ZIP code STARBUCKS CORPORATION 2401 UTAH AVENUE SOUTH SEATTLE WA 98134 | | | | 3 Social security wages 4,452 | | 4 Social security tax withheld 276 | |
| | | | | 5 Medicare wages and tips 4,452 | | 6 Medicare tax withheld 65 | |
| | | | | 7 Social security tips | | 8 Allocated tips | |
| d Control number | | | | 9 [REDACTED] | | 10 Dependent care benefits | |
| e Employee's first name and initial CREDITS | | Last name EDUCATION | | Suff. | | 11 Nonqualified plans | |
| f Employee's address and ZIP code 1040 RETURN WAY | | | | 13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/> | | 12a See instructions for box 12 | |
| | | | | 14 Other | | 12b | |
| | | | | | | 12c | |
| | | | | | | 12d | |
| 15 State Employer's state ID number | | 16 State wages, tips, etc. | | 17 State income tax | | 18 Local wages, tips, etc. | |
| | | | | | | 19 Local income tax | |
| | | | | | | 20 Locality name | |

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

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Taxpayer Form W-2 (2 of 2)

| | | | | | | | |
|---|--|-------------------------------|--|---|--|--|--|
| 22222 | | Void <input type="checkbox"/> | | a Employee's social security number 206-20- [REDACTED] | | For Official Use Only ▶ OMB No. 1545-0008 | |
| b Employer identification number (EIN) 38-3495003 | | | | 1 Wages, tips, other compensation 8,975 | | 2 Federal income tax withheld 890 | |
| c Employer's name, address, and ZIP code DOMINOS PIZZA LLC 30 FRANK LLOYD WRIGHT DR PO BOX 997 ANN ARBOR MI 48106 | | | | 3 Social security wages 8,975 | | 4 Social security tax withheld 556 | |
| | | | | 5 Medicare wages and tips 8,975 | | 6 Medicare tax withheld 130 | |
| | | | | 7 Social security tips | | 8 Allocated tips | |
| d Control number | | | | 9 [REDACTED] | | 10 Dependent care benefits | |
| e Employee's first name and initial CREDITS | | Last name EDUCATION | | Suff. | | 11 Nonqualified plans | |
| f Employee's address and ZIP code 1040 RETURN WAY | | | | 13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/> | | 12a See instructions for box 12 | |
| | | | | 14 Other | | 12b | |
| | | | | | | 12c | |
| | | | | | | 12d | |
| 15 State Employer's state ID number | | 16 State wages, tips, etc. | | 17 State income tax | | 18 Local wages, tips, etc. | |
| | | | | | | 19 Local income tax | |
| | | | | | | 20 Locality name | |

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

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Taxpayer Tuition Statement 1098-T

| Form 1098-T | | Tuition Statement | |
|---|---------------------------------|---|---|
| FILER'S name UNIVERSITY OF PHOENIX Domestic <input checked="" type="checkbox"/> Foreign 4025 S RIVERPOINT PARKWAY PHOENIX AZ 85040 | | 1 Payments received for qualified tuition and related expenses 17,124 | |
| | | 2 | |
| | | 3 | |
| Filer's Identification Number 94-2473210 | Student's SSN 206-20- | 4 Adjustments made for a prior year | 5 Scholarships or grants 11,247 |
| STUDENT'S Name CREDITS EDUCATION | | 6 Adjustments to scholarships or grants for a prior year | 7 Checked if amount in box 1 or 2 includes academic period Jan - March 2020 <input type="checkbox"/> |
| 8 Check if at least half-time student <input checked="" type="checkbox"/> | | 9 Checked if a graduate student <input type="checkbox"/> | 10 Ins contract reimb/refund |

Carry student/expenses to Form 8863 ☒ OR Carry student/expenses to Form 8917 ☐

Additional return processing items and / or information:

Form 8863 – Education Credits

- ✓ Student did not receive prior year 1098-T
- ✓ This is the first year the student is claiming the American Opportunity Credit and has not been claimed for any prior years
- ✓ Full time student
- ✓ Has not completed postsecondary education
- ✓ No convictions
- ✓ Student is a degree candidate

8867 Due Diligence

Return Is eligible for AOTC (American Opportunity Tuition Credit)

- ✓ Part I - Due diligence requirements were met
- ✓ Part IV - Return is claiming the AOTC
- ✓ Part IV - Confirm that due diligence requirements have been met

AOTC Proof of Eligibility

- Form 1098-T

Target Refund Amount: \$3,026

Refund Disbursement Option: IRS Paper Check

Return Answer Key:

- Total income: \$13,427
- Standard deduction: \$12,550

- Taxable income: \$0.00
- Tax: \$0.00
- Withholding: \$890
- Total Other Payments and Refundable Credits: \$2,136
- Refund: \$3,026

Additional Resources:

For more information on Education Credits, visit IRS.gov: [Publication 970 – Tax Benefits for Education](#). This publication explains tax benefits that may be available to taxpayers saving for or paying education costs for themselves or, in many cases, another student who is a member of their immediate family. Most benefits apply only to higher education.

Intermediate Practice Return

02

Summary: Married Filing Joint Taxpayers with Social Security and Retirement Pension Income. No Dependents

Background: Taxpayer and spouse are both over age 65, not claimed as a dependent on another return and are not blind or disabled. Both the primary taxpayer and spouse are retired and received Forms SSA-1099 from Social Security and Forms 1099-R from their Retirement Pensions. The primary residence of the taxpayer and spouse was the United States for the entire year.

Client Data:

| Taxpayer Information | Field Value |
|----------------------|----------------|
| SSN | 20619XXXX |
| Date of birth | 090939 |
| Name | Income Pension |
| Occupation | Retired |
| Home Phone | 2062092653 |

| Spouse Information | Field Value |
|--------------------|---------------|
| SSN | 20719XXXX |
| Date of birth | 090949 |
| Name | Spouse Income |
| Occupation | Retired |
| Home Phone | 2062092653 |

| Address | Zip Code |
|-----------------|---------------------|
| 1040 Return Way | Input your zip code |

Available documentation: Retirement and Annuity Distributions

Taxpayer Form 1099-R and Form SSA-1099

| | | | | | | |
|---|--|---|------------------------------------|---|---|--|
| 9898 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED | | PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and phone no. R & D TRUCKING CO INC 1627 VALLEY VIEW DRIVE BIG STONE GAP VA 24219 | | 1 Gross distribution \$ 24,675 | OMB No. 1545-0119 Form 1099-R | Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. |
| PAYER'S TIN 54-1215628 | | 2a Taxable amount \$ 24,675 | | 2b Taxable amount not determined <input checked="" type="checkbox"/> | Total distribution <input checked="" type="checkbox"/> | |
| RECIPIENT'S TIN 206-19- | | 3 Capital gain (included in box 2a) \$ | | 4 Federal income tax withheld \$ 2,477 | | |
| RECIPIENT'S name INCOME PENSION | | 5 Employee contributions / Designated Roth contributions or insurance premiums \$ | | 6 Net unrealized appreciation in employer's securities \$ | | Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2019 General Instructions for Certain Information Returns |
| Street address (including apt. no.) 1040 RETURN WAY | | 7 Distribution code(s) 7 | | 8 Other \$ % | | |
| City or town, state or province, country, and ZIP or foreign postal code | | 9a Your percentage of total distribution % | | 9b Total employee contributions \$ | | |
| 10 Amount allocable to IRR within 5 years \$ | 11 1st year of desig. Roth contrib. | FATCA filing requirement <input type="checkbox"/> | 12 State tax withheld \$ | 13 State/Payer's state no. | 14 State distribution \$ | |
| Account number (see instructions) | | Date of payment | 15 Local tax withheld \$ | 16 Name of locality | 17 Local distribution \$ | |

SPA Form 1099-R 1037 CPT5 9US041 www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service
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| | |
|--|--|
| Form SSA-1099 Social Security Benefit Statement | |
| Box 1. Name INCOME PENSION | Box 2. Beneficiary's SSN 206-19- |
| Box 3. Benefits Paid in 2019 8,475 | Box 4. Benefits repaid to SSA in 2019 |
| Box 5. Net Benefits for 2019 8,475 | |
| Medicare premiums deducted from benefits Link to (Sch A, C or F) SCHEDULE A | |
| Box 6. Federal Income Tax Withheld* | |
| Box 7. Address | |
| Box 8. Claim Number | |

Note: *Federal Tax Withheld--Box 9 on Form SSA-1042S is identical to Box 6 on Form SSA-1099.
 This form can be used to input information from Form SSA-1042S.

Spouse Form 1099-R and Form SSA-1099

| | | | | | | |
|--|--|---|---|--|---|--|
| 9898 | | <input type="checkbox"/> VOID | | <input type="checkbox"/> CORRECTED | | |
| PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and phone no. BEACON INDEPENDENT LIVING SERVICES 4610 WEST WALNUT SUITE C SOQUEL CA 95073 | | | 1 Gross distribution \$ 16,724 | | OMB No. 1545-0119 Form 1099-R | Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. |
| | | | 2a Taxable amount \$ 16,724 | | | |
| | | | 2b Taxable amount not determined <input checked="" type="checkbox"/> | | Total distribution <input checked="" type="checkbox"/> | |
| PAYER'S TIN 01-0642617 | | RECIPIENT'S TIN 207-19- | | 3 Capital gain (included in box 2a) \$ | | 4 Federal income tax withheld \$ 895 |
| | | | | | | |
| RECIPIENT'S name SPOUSE PENSION | | | 5 Employee contributions / Designated Roth contributions or insurance premiums \$ | | 6 Net unrealized appreciation in employer's securities \$ | |
| Street address (including apt. no.) 1040 RETURN WAY | | | 7 Distribution code(s) 7 | | 8 Other \$ % | |
| City or town, state or province, country, and ZIP or foreign postal code | | | 9a Your percentage of total distribution % | | 9b Total employee contributions \$ | |
| 10 Amount allocable to IRR within 5 years \$ | | 11 1st year of desig. Roth contrib. FATCA filing requirement <input type="checkbox"/> | | 12 State tax withheld \$ | | 13 State/Payer's state no. |
| Account number (see instructions) | | Date of payment | | 15 Local tax withheld \$ | | 16 Name of locality |
| | | | | 17 Local distribution \$ | | 14 State distribution \$ |
| | | | | 18 Local distribution \$ | | 19 Local distribution \$ |

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| | | | |
|--|--|---|--|
| Form SSA-1099 | | Social Security Benefit Statement | |
| Box 1. Name SPOUSE PENSION | | Box 2. Beneficiary's SSN 207-19- | |
| Box 3. Benefits Paid in 2019 12,667 | Box 4. Benefits repaid to SSA in 2019 | Box 5. Net Benefits for 2019 12,667 | |
| Medicare premiums deducted from benefits Link to (Sch A, C or F) SCHEDULE A | | Box 6. Federal Income Tax Withheld* | |
| | | Box 7. Address | |
| | | Box 8. Claim Number | |

Note: *Federal Tax Withheld--Box 9 on Form SSA-1042S is identical to Box 6 on Form SSA-1099.
 This form can be used to input information from Form SSA-1042S.

Additional return processing items and / or information:

- None

Target Refund Amount: \$605

Refund Disbursement Option: IRS Paper Check

Return Answer Key:

- Total income: \$54,174
- Standard deduction: \$27,800
- Taxable income: \$26,374
- Tax: \$2,767
- Withholding: \$3,372
- Total Other Payments and Refundable Credits: \$0.00
- Refund: \$605

Intermediate Practice Return

03

Summary: Head of Household Taxpayer with Dependents, W-2 Wages and Reporting Capital Gains

Background: Taxpayer is filing Head of Household, is under the age of 65, cannot be claimed as a dependent on another return, is not blind or disabled. Taxpayer received a Form W-2 his employer for wages and is claiming 3 dependents consisting of a qualifying child and two qualifying individuals that cannot be claimed by anyone else. Taxpayer is also reporting capital stock sales transactions. The primary residence of the Taxpayer and dependents was the United States for the entire year.

Client Data:

| Taxpayer Information | Field Value |
|----------------------|---------------------|
| SSN | 20618XXXX |
| Date of birth | 070779 |
| Name | Gains Capital |
| Occupation | Records Management |
| Address | 1040 Return Way |
| Zip code | Input your zip code |
| Home Phone | 2062092653 |

| Dependent Information | Field Value |
|--------------------------------|----------------|
| Name | Depone Capital |
| Date of birth | 111111 |
| SSN | 60718XXXX |
| Relationship | Son |
| Months lived with the taxpayer | 12 |
| Dependent code | 1 |
| EIC code | E |
| CTC/ODC code | C |

| Dependent Information | Field Value |
|--------------------------------|----------------|
| Name | Deptwo Capital |
| Date of birth | 040440 |
| SSN | 60818XXXX |
| Relationship | Parent |
| Months lived with the taxpayer | MX |
| Dependent code | 3 |
| EIC code | N |
| CTC/ODC code | D |

| Dependent Information | Field Value |
|--------------------------------|------------------|
| Name | Depthree Capital |
| Date of birth | 050545 |
| SSN | 60918XXXX |
| Relationship | Parent |
| Months lived with the taxpayer | MX |
| Dependent code | 3 |
| EIC code | N |
| CTC/ODC code | D |

Available documentation:

- Taxpayer Form W-2 and (2) Form 1099-B

| | | | | | | | |
|---|--|-------------------------------|--|---|--|--|--|
| 22222 | | Void <input type="checkbox"/> | | a Employee's social security number 206-18- XXXXXXXXXX | | For Official Use Only OMB No. 1545-0008 | |
| b Employer identification number (EIN) 95-6045463 | | | | 1 Wages, tips, other compensation 47,012 | | 2 Federal income tax withheld 3,875 | |
| c Employer's name, address, and ZIP code LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM 360 E SECOND STREET LOS ANGELES CA 90012-4207 | | | | 3 Social security wages | | 4 Social security tax withheld | |
| | | | | 5 Medicare wages and tips 47,012 | | 6 Medicare tax withheld 682 | |
| | | | | 7 Social security tips | | 8 Allocated tips | |
| d Control number | | | | 9 Verification code | | 10 Dependent care benefits | |
| e Employee's first name and initial GAINS | | Last name CAPITAL | | Suff. | | 11 Nonqualified plans | |
| 1040 RETURN WAY | | | | 13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/> | | 12a See instructions for box 12 | |
| | | | | 14 Other | | 12b | |
| | | | | | | 12c | |
| | | | | | | 12d | |
| f Employee's address and ZIP code | | | | | | | |
| 15 State Employer's state ID number | | 16 State wages, tips, etc. | | 17 State income tax | | 18 Local wages, tips, etc. | |
| | | | | | | 19 Local income tax | |
| | | | | | | 20 Locality name | |

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

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| | | | | | | |
|--|--|---|--|---|--|--|
| PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. CAPITAL STOCK FINANCIAL 1453 MONEY TREES LN LOS ANGELES CA 90011 | | Applicable checkbox on Form 8949 A - SHORT TERM | | OMB No. 1545-0715 Form 1099-B | | Proceeds From Broker and Barter Exchange Transactions |
| | | | | | | |
| | | 1a Description of property (Example: 100 sh. XYZ Co.) CAPITAL STOCK | | | | Copy 1 For State Tax Department |
| | | 1b Date acquired 01/01/2021 | | 1c Date sold or disposed 11/27/2021 | | |
| PAYER'S TIN 95-1234567 | | RECIPIENT'S TIN 206-18-XXXX | | 1d Proceeds \$ 6,277 | | |
| | | | | 1e Cost or other basis \$ 2,500 | | |
| | | | | 1f Accrued market discount \$ | | |
| | | | | 1g Wash sale loss disallowed \$ | | |
| RECIPIENT'S name CAPITAL GAINS | | 2 Short-term gain or loss <input checked="" type="checkbox"/> Long-term gain or loss <input type="checkbox"/> Ordinary <input type="checkbox"/> | | 3 If checked, proceeds from: Collectibles <input type="checkbox"/> QOF <input type="checkbox"/> | | |
| Street address (including apt. no.) 1040 RETURN WAY | | 4 Federal income tax withheld \$ | | 5 If checked, noncovered security <input type="checkbox"/> | | |
| City or town, state or province, country, and ZIP or foreign postal code | | 6 Reported to IRS: Gross proceeds <input type="checkbox"/> Net proceeds <input type="checkbox"/> | | 7 If checked, loss is not allowed based on amount in 1d <input type="checkbox"/> | | |
| Account number (see instructions) 2062092653 | | 8 Profit or (loss) realized in 2022 on closed contracts \$ | | 9 Unrealized profit or (loss) on open contracts—12/31/2021 \$ | | |
| CUSIP number | | FATCA filing requirement <input type="checkbox"/> | | 10 Unrealized profit or (loss) on open contracts—12/31/2022 \$ | | |
| 14 State name | | 15 State identification no. | | 16 State tax withheld \$ | | |
| | | | | 12 If checked, basis reported to IRS <input type="checkbox"/> | | |
| | | | | 13 Bartering \$ | | |

Form **1099-B** www.irs.gov/Form1099B Department of the Treasury - Internal Revenue Service

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| | | | | | | |
|---|--|---|--|---|--|--|
| PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. ANIMATION INVESTMENTS 1212 TOONSVILLE TOWN BEVERLY HILLS CA 90210 | | Applicable checkbox on Form 8949 D - LONG TERM | | OMB No. 1545-0715 Form 1099-B | | Proceeds From Broker and Barter Exchange Transactions |
| | | | | | | |
| | | 1a Description of property (Example: 100 sh. XYZ Co.) CAPITAL STOCK | | | | Copy 1 For State Tax Department |
| | | 1b Date acquired 05/27/2008 | | 1c Date sold or disposed 11/27/2021 | | |
| PAYER'S TIN 95-2345678 | | RECIPIENT'S TIN 206-18-XXXX | | 1d Proceeds \$ 34,412 | | |
| | | | | 1e Cost or other basis \$ 6,500 | | |
| | | | | 1f Accrued market discount \$ | | |
| | | | | 1g Wash sale loss disallowed \$ | | |
| RECIPIENT'S name CAPITAL GAINS | | 2 Short-term gain or loss <input type="checkbox"/> Long-term gain or loss <input checked="" type="checkbox"/> Ordinary <input type="checkbox"/> | | 3 If checked, proceeds from: Collectibles <input type="checkbox"/> QOF <input type="checkbox"/> | | |
| Street address (including apt. no.) 1040 RETURN WAY | | 4 Federal income tax withheld \$ | | 5 If checked, noncovered security <input type="checkbox"/> | | |
| City or town, state or province, country, and ZIP or foreign postal code | | 6 Reported to IRS: Gross proceeds <input type="checkbox"/> Net proceeds <input type="checkbox"/> | | 7 If checked, loss is not allowed based on amount in 1d <input type="checkbox"/> | | |
| Account number (see instructions) 2062092653 | | 8 Profit or (loss) realized in 2022 on closed contracts \$ | | 9 Unrealized profit or (loss) on open contracts—12/31/2021 \$ | | |
| CUSIP number | | FATCA filing requirement <input type="checkbox"/> | | 10 Unrealized profit or (loss) on open contracts—12/31/2022 \$ | | |
| 14 State name | | 15 State identification no. | | 16 State tax withheld \$ | | |
| | | | | 12 If checked, basis reported to IRS <input type="checkbox"/> | | |
| | | | | 13 Bartering \$ | | |

Form **1099-B** www.irs.gov/Form1099B Department of the Treasury - Internal Revenue Service

Additional return processing items and / or information:

Form 8949 – Capital Assets

8867 Due Diligence

Return Is eligible for CTC/ODC/HOH

- ✓ Part I - Due diligence requirements were met
- ✓ Part III - Return is eligible for CTC/ODC
- ✓ Part IV - Confirm that due diligence requirements have been met

Proof of Residency

- ✓ School records
- ✓ Medical records
- ✓ Property tax bills

Target Refund Amount: \$3,452

Refund Disbursement Option: IRS Direct Deposit

Account Info:

- Bank: Bank of America
- Account: 123456789
- Routing: 121000358
- Type: Checking

Return Answer Key:

- Total income: \$76,701
- Standard deduction: \$18,800
- Taxable income: \$59,901
- Tax: \$4,423
- Withholding: \$3,875
- Total Other Payments and Refundable Credits: \$3,000
- Refund: \$3,452

Additional Resources:

For more information on Capital Gains, visit IRS.gov: [Publication 544 – Sales and Other Dispositions of Assets](#). This publication explains the tax rules that apply when you dispose of property. It discusses:

- How to figure a gain or loss
- Whether it is ordinary or capital
- How to treat the gain or loss
- How to report a gain or loss

Intermediate Practice Return

04

Summary: Married Filing Joint Taxpayers with Dependents, W-2 Wages and Self-Employment Income with Expenses, including Assets.

Background: Married Filing Joint Taxpayers that cannot be claimed as dependents on another return and are not blind or disabled. Taxpayers are claiming their son and daughter as qualifying dependents. The primary taxpayer is self-employed and reporting income and expenses, including assets, for a construction business. The spouse is reporting Form W-2 wages received from her employer. The primary residence of the Taxpayer, spouse and dependents was the United States for the entire year.

Client Data:

| Taxpayer Information | Field Value |
|----------------------|---------------------|
| SSN | 20616XXXX |
| Date of birth | 072188 |
| Name | Assets Business |
| Occupation | Self Employed |
| Address | 1040 Return Way |
| Zip code | Input your zip code |
| Home Phone | 2062092653 |

| Spouse Information | Field Value |
|--------------------|-----------------|
| SSN | 20716XXXX |
| Date of birth | 090989 |
| Name | Spouse Business |
| Occupation | Clerk |
| Home Phone | 2062092653 |

| Address | Zip Code |
|-----------------------|---------------------|
| 1040 Return Way | Input your zip code |

| Dependent Information | Field Value |
|--------------------------------|-----------------|
| Name | Depone Business |
| Date of birth | 030303 |
| SSN | 608167766 |
| Relationship | Son |
| Months lived with the taxpayer | 12 |
| Dependent code | 1 |
| EIC code | E |
| CTC/ODC code | D |

| Dependent Information | Field Value |
|--------------------------------|-----------------|
| Name | Deptwo Business |
| Date of birth | 040404 |
| SSN | 609167766 |
| Relationship | Daughter |
| Months lived with the taxpayer | 12 |
| Dependent code | 1 |
| EIC code | E |
| CTC/ODC code | C |

Available documentation:

Spouse Form W-2:

| | | | | | | |
|--|----------------------------|-------------------------------|---|-----------------------|--|---------------------------------|
| 22222 | | Void <input type="checkbox"/> | a Employee's social security number 207-16- XXXXXX | | For Official Use Only OMB No. 1545-0008 | |
| b Employer identification number (EIN) 36-3549271 | | | 1 Wages, tips, other compensation 34,154 | | 2 Federal income tax withheld 2,762 | |
| c Employer's name, address, and ZIP code MARKETING WERKS INC 130 E RANDOLP ST 2400 CHICAGO IL 60617 | | | 3 Social security wages 34,154 | | 4 Social security tax withheld 2,118 | |
| | | | 5 Medicare wages and tips 34,154 | | 6 Medicare tax withheld 495 | |
| | | | 7 Social security tips | | 8 Allocated tips | |
| d Control number | | | 9 | | 10 Dependent care benefits | |
| e Employee's first name and initial SPOUSE | | Last name BUSINESS | Suff. | 11 Nonqualified plans | | 12a See instructions for box 12 |
| f Employee's address and ZIP code 1040 RETURN WAY | | | 13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/> | | 12b | |
| | | | 14 Other | | 12c | |
| | | | | | 12d | |
| | | | | | | |
| 15 State Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax | 18 Local wages, tips, etc. | 19 Local income tax | 20 Locality name | |
| | | | | | | |

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

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Primary Taxpayer Form 1099-NEC

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| | | | |
|--|--------------------------------------|--|--|
| PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. CONSTRUCTION LABOR CONTRACTOR LLC 3380 BRECKSVILLE ROAD SUITE 200 RICHFIELD OH 44286-0000-00000000 | | OMB No. 1545-0116 Form 1099-NEC | Nonemployee Compensation |
| PAYER'S TIN 38-3931186 | RECIPIENT'S TIN 206-16- | 1 Nonemployee compensation \$ 8,998 | |
| RECIPIENT'S name ASSETS BUSINESS | | 2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/> | Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2021 General Instructions for Certain Information Returns. |
| Street address (including apt. no.) 1040 RETURN WAY | | 3 | |
| City or town, state or province, country, and ZIP or foreign postal code SANTA FE SPRINGS CA 90670 | | 4 Federal income tax withheld \$ | |
| Account number (see instructions) | 2nd TIN not <input type="checkbox"/> | 5 State tax withheld \$ | |
| | | 6 State/Payer's state no. \$ | |
| | | 7 State income \$ | |

Form **1099-NEC** 1037 CPTS 1USNC1 www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service

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Additional return processing items and / or information:

Primary Taxpayer: Self-Employed Construction Business

| Business Income (Schedule C) | Field Value |
|------------------------------|------------------------------------|
| Principle business | Construction |
| Business code | 237310 |
| Activity description | HIGHWAY STREET BRIDGE CONSTRUCTION |
| Business address | Same as CDS |
| Accounting method | Cash |
| Qualified business indicator | N |

Income

- Cash: \$11,675 (in addition to the Primary Taxpayer Form 1099-NEC provided in **Available Documentation** section above)

Expenses

- Advertising: \$895
- Office expense: \$220
- Machinery and equipment: \$2,315
- Meals (50% Limitation): \$627

Assets:

| Asset #1 | Field Value |
|---------------------------|--------------------------------|
| Description | Tools |
| Date placed in service | 010121 |
| Business asset class code | Equipment used in construction |
| Cost basis | 6725 |
| Bonus depreciation | No |

| Asset #2 – Vehicle Allocation | Field Value |
|-------------------------------|---------------------------------|
| Description | Ford F150 |
| Date placed in service | 010121 |
| Business asset class code | Light duty truck under 6000 lbs |
| Cost basis | 21600 |
| Bonus depreciation | No |

Special Depreciation Allowance:

If you wish to elect out of this Special Depreciation Allowance

Please check the box to the right



Vehicle Use and Deduction

| | Yes / No |
|--|--|
| Was the vehicle available for personal use? | <input checked="" type="radio"/> <input type="radio"/> |
| Vehicle used by a more than 5% owner? | <input checked="" type="radio"/> <input type="radio"/> |
| Is another vehicle available for personal use? | <input type="radio"/> <input checked="" type="radio"/> |
| Do you own this vehicle? | <input checked="" type="radio"/> <input type="radio"/> |
| Force Actual Expenses? | <input checked="" type="radio"/> <input type="radio"/> |
| Force Standard Mileage Rate? | <input type="radio"/> <input checked="" type="radio"/> |
| Was ACRS/MACRS used in any Previous Year? | <input type="radio"/> <input type="radio"/> |

Mileage/Expenses

- Total vehicle mileage: 4,965
 - Activity miles: 3,440
 - Actual expense: \$1,595
 - Parking fees and tolls: \$220
 - Total taxes: \$398
- ✓ Do you have evidence to support your deduction? **Yes**
- ✓ If yes, is this evidence written? **Yes**

EIC Worksheet

- ✓ Qualifying children are unmarried
- ✓ Qualifying children cannot be claimed by any other individual

8867 Due Diligence

- ✓ Return Is eligible for EIC/CTC/ACTC
- ✓ Part I - Due diligence requirements were met
- ✓ Part II - Return is eligible for EIC
- ✓ Part III - Return is eligible for CTC/ACTC
- ✓ Part IV - Return is not claiming the AOTC
 - Part IV - Confirm that due diligence requirements have been met

Proof of Residency

- ✓ School records
- ✓ Medical records

Proof of Business Existence

- ✓ Forms 1099

Target Refund Amount: \$4,781

Refund Disbursement Option: IRS Paper Check

Return Answer Key:

- Total income: \$45,144
- Standard deduction: \$25,100
- Taxable income: \$19,268
- Tax: \$1,928
- Withholding: \$2,762
- Total Other Payments and Refundable Credits: \$4,999
- Refund: \$4,781

Additional Resources:

For more information on Self-Employed, visit IRS.gov: [Publication 334 – Tax Guide for Small Business](#) (For Individuals Who Use Schedule C) | [Español](#). This publication contains general information about the federal tax laws that apply to small business owners who are sole proprietors and to statutory employees.

1040

Advanced
RETURNS

Advance Practice Return

01

Summary: Married Filing Joint Taxpayers claiming Dependents and a Qualifying Individual, and Rental Property with Assets

Background: Married Filing Joint Taxpayers that cannot be claimed as dependents on another return and are not blind or disabled. Taxpayers are claiming their two children as dependents and a parent as a qualifying individual. The primary taxpayer and spouse managed a rental property jointly as a source of income and have expenses including assets to report. The primary residence of the Taxpayer and dependents was the United States for the entire year.

Client Data:

| Taxpayer Information | Field Value |
|----------------------|---------------|
| SSN | 20617XXXX |
| Date of birth | 060686 |
| Name | Income Rental |
| Occupation | Landlord |
| Home phone | 2062092653 |

| Spouse Information | Field Value |
|--------------------|---------------|
| SSN | 20717XXXX |
| Date of birth | 070787 |
| Name | Spouse Rental |
| Occupation | Landlord |
| Home Phone | 2062092653 |

| Address | Zip Code |
|-----------------|---------------------|
| 1040 Return Way | Input your zip code |

| Dependent Information | Field Value |
|--------------------------------|---------------|
| Name | Depone Rental |
| Date of birth | 040404 |
| SSN | 20817XXXX |
| Relationship | Son |
| Months lived with the taxpayer | 12 |
| Dependent code | 1 |
| EIC code | E |
| CTC/ODC code | C |

| Dependent Information | Field Value |
|--------------------------------|---------------|
| Name | Deptwo Rental |
| Date of birth | 050505 |
| SSN | 20917XXXX |
| Relationship | Daughter |
| Months lived with the taxpayer | 12 |
| Dependent code | 1 |
| EIC code | E |
| CTC/ODC code | C |

| Dependent Information | Field Value |
|--------------------------------|-----------------|
| Name | Depthree Rental |
| Date of birth | 060636 |
| SSN | 21017XXXX |
| Relationship | Parent |
| Months lived with the taxpayer | 12 |
| Dependent code | 3 |
| EIC code | N |
| CTC/ODC code | D |

| Property A (Schedule E) | Field Value |
|-------------------------------------|---------------------|
| Address | 123 First Rental Rd |
| Zip code | Input your zip code |
| Property type | 1 |
| Number of days rented | 365 |
| Qualified business income indicator | N |
| Liability | Joint |

Available Documentation: N/A

Additional return processing items and / or information:

Primary Taxpayer and Spouse: Rental Property

Income

- Cash rents received: 99,257

Expenses

- Advertising: 1275
- Cleaning and maintenance: 2755
- Insurance: 1288
- Mortgage interest: 3475
- Repairs: 1339
- Taxes: 4812

Assets:

| Asset #1 | Field Value |
|---------------------------|-----------------------------|
| Description | 123 First Rental Rd |
| Date placed in service | 010121 |
| Business asset class code | Residential rental property |
| Cost basis | 378000 |

| Asset #2 – Vehicle Allocation | Field Value |
|-------------------------------|------------------|
| Description | Tundra |
| Date placed in service | 010121 |
| Business asset class code | Light duty truck |
| Cost basis | 37125 |
| Bonus depreciation | Elect out |
| Deduction | Standard mileage |

Vehicle Use and Deduction

| | Yes / No |
|--|--|
| Was the vehicle available for personal use? | <input type="radio"/> <input checked="" type="radio"/> |
| Vehicle used by a more than 5% owner? | <input checked="" type="radio"/> <input type="radio"/> |
| Is another vehicle available for personal use? | <input checked="" type="radio"/> <input type="radio"/> |
| Do you own this vehicle? | <input checked="" type="radio"/> <input type="radio"/> |
| Force Actual Expenses? | <input type="radio"/> <input checked="" type="radio"/> |
| Force Standard Mileage Rate? | <input checked="" type="radio"/> <input type="radio"/> |
| Was ACRS/MACRS used in any Previous Year? | <input type="radio"/> <input type="radio"/> |

Mileage/Expenses

- Total vehicle mileage: 4,675
- Activity mileage: 4,675
- ✓ Do you have evidence to support your deduction? **Yes**
- ✓ If yes, is this evidence written? **Yes**

8867 Due Diligence

Return Is eligible for CTC/ODC

- ✓ Part I - Due diligence requirements were met
- ✓ Part III - Return is eligible for CTC/ODC
- ✓ Part IV - Confirm that due diligence requirements have been met

Proof of Residency

- ✓ School records
- ✓ Medical records

Target Refund Amount: \$1,687

Refund Disbursement Option: IRS Direct Deposit

Account Info:

- Bank: Bank of America
- Account: 123456789
- Routing: 121000358
- Type: Checking

Return Answer Key:

- Total income: \$68,523
- Standard deduction: \$25,100
- Taxable income: \$43,423
- Tax: \$4,813
-
- Total Other Payments and Refundable Credits: \$6,000
- Refund: \$1,687

Additional Resources:

For more information on rental property (including Vacation Rental Property), visit IRS.gov: [Publication 527 – Residential Rental Property](#).

Advance Practice Return

02

Summary: Single Taxpayer with W-2 Wages and Itemizing Deductions

Background: Taxpayer is single under the age of 65, cannot be claimed as a dependent, is not blind or disabled. Taxpayer received a Form W-2 from his employer, will be itemizing deductions on Form Schedule A and will not be claiming any dependents. The primary residence of the Taxpayer was the United States for the entire year.

Client Data: Taxpayer

| Taxpayer Information | Field Value |
|----------------------|---------------------|
| SSN | 206-21-XXXX |
| Date of birth | 090190 |
| Name | Deductions Itemized |
| Occupation | Sales |
| Home Phone | 2062092653 |
| Address | 1040 Return Way |
| Zip code | Input your zip code |

Available Documentation: Taxpayer Form W-2

| | | | | | | |
|---|----------------------------|-------------------------------|---|-----------------------|--|---------------------------------|
| 22222 | | Void <input type="checkbox"/> | a Employee's social security number 206-21-XXXX | | For Official Use Only OMB No. 1545-0008 | |
| b Employer identification number (EIN) 13-1988404 | | | 1 Wages, tips, other compensation 69,500 | | 2 Federal income tax withheld 6,650 | |
| c Employer's name, address, and ZIP code FOOT LOCKER RETAIL INC 3543 SIMPSON PERRY ROAD NORWALK CA 90650 | | | 3 Social security wages 69,500 | | 4 Social security tax withheld 4,309 | |
| | | | 5 Medicare wages and tips 69,500 | | 6 Medicare tax withheld 1,008 | |
| | | | 7 Social security tips | | 8 Allocated tips | |
| d Control number | | | 9 | | 10 Dependent care benefits | |
| e Employee's first name and initial DEDUCTIONS | | Last name ITEMIZED | Suff. | 11 Nonqualified plans | | 12a See instructions for box 12 |
| f Employee's address and ZIP code 1040 RETURN WAY | | | 13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/> | | 12b | |
| | | | 14 Other | | 12c | |
| | | | | | 12d | |
| | | | | | | |
| 15 State Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax | 18 Local wages, tips, etc. | 19 Local income tax | 20 Locality name | |

Form **W-2** Wage and Tax Statement
Copy A For Social Security Administration -- Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.
SPA 1037 CPTS 9US021

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Do Not Cut, Fold, or Staple Forms on This Page

Additional return processing items and / or information:

The taxpayer will itemize deductions using Schedule A.

Itemized deductions:

- State sales tax: \$700
- Real Estate tax: \$5,250
- Mortgage Interest: \$12,500
- Contributions
 - Cash contributions: \$815
 - Non-cash (Goodwill): \$175

Target Balance Due Amount: \$115

Refund Disbursement Option: N/A

Return Answer Key:

- Total income: \$69,500
- Itemized deductions: \$19,440
- Taxable income: \$50,060
- Tax: \$6,765
- Withholding: \$6,650
- Balance due: \$115

Additional Resources:

For more information on itemizing deductions, visit IRS.gov: [About Schedule A \(Form 1040\), Itemized Deductions](#) and [Publication 529 – Miscellaneous Deductions](#).