

**SOLUTIONS FOR
QUESTIONS AND PROBLEMS**

These solutions were prepared prior to the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 and the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (included in PL 116-260). Updated solutions for Group 4 and 5 tax return problems are available on the Instructor Companion site.

CHAPTER 1

THE INDIVIDUAL INCOME TAX RETURN

Group 1 – Multiple Choice Questions

- | | | |
|---|-------------------------------------|--|
| 1. D (LO 1.1) | 10. D (LO 1.5) | 21. A (LO 1.9) |
| 2. C (LO 1.1) | 11. E (LO 1.6) | 22. C $\$25,000 = \$240,000 -$
$(\$270,000 - \$40,000)$ |
| 3. B (LO 1.2) | 12. D (LO 1.6) | (LO 1.9) |
| 4. D (LO 1.2) | 13. D (LO 1.6) | 23. A $\$40,000 = \$43,000 -$
$\$3,000$. The remaining |
| 5. C (LO 1.3) | 14. D (LO 1.6) | $\$4,000$ loss is carried |
| 6. B (LO 1.3) | 15. B (LO 1.7) | forward. (LO 1.9) |
| 7. D $\$98,000 - \$12,400 =$
$\$85,600$ (LO 1.4) | 16. B (LO 1.7) | 24. A (LO 1.10) |
| 8. B $\$12,400$ standard
deduction (LO 1.4) | 17. C $\$18,650 + \$1,650$ (LO 1.8) | 25. E (LO 1.10) |
| 9. C (LO 1.5) | 18. B (LO 1.8) | 26. B (LO 1.11) |
| | 19. B (LO 1.8) | |
| | 20. D (LO 1.9) | |

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. $\$24,800$, the greater of itemized deductions or the standard deduction of $\$24,800$.
c. $\$11,500 = \$36,300 - \$24,800$. (LO 1.3)
3. a. $\$25,000$.
b. $\$12,400$, the greater of total itemized deductions or the standard deduction amount.
c. $\$12,600 = \$25,000 - \$12,400$. (LO 1.3)
4. a. $\$53,800 = \$54,000 + \$2,800 - \$3,000$ ($\$7,000$ capital loss limited to $\$3,000$).
b. $\$12,400$
c. $\$41,400 = \$53,500 - \$12,400$. (LO 1.3 and 1.9)
5. a. $\$47,500 = \$48,000 + \$2,500 - \$3,000$.
b. $\$24,800$, the greater of itemized deductions or the standard deduction of $\$24,800$.
c. $\$22,700 = \$47,500 - \$24,800$.
d. $\$2,332$ (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 **\$1,678**. 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>-12,400</u>
Taxable income	<u>\$ 2,250</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. **\$34,600** = \$47,000 – \$12,400.
b. Tax tables. Taxpayers with income up to \$100,000 must use the tax tables.
c. **\$3,958**. (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. **\$24,800**, the greater of itemized deductions or the standard deduction of \$24,800.
d. **\$38,700** = \$63,500 – \$24,800.
e. **\$4,252** (LO 1.3, 1.5, and 1.8)
10. a. **\$89,000** = \$85,000 + \$4,000.
b. **\$0**.
c. **\$64,100** = \$89,000 – \$24,900. (LO 1.3, 1.5, 1.6, and 1.8)
11. Taxable income is: **\$28,600** = \$41,000 – \$12,400. Tax liability from the tax tables not the tax rate schedules: **\$3,238**. (LO 1.3, 1.5, and 1.8)
12. **Yes**. Since Nicoula owes Social Security taxes on the unreported tips, she must file an income tax return. (LO 1.4)
13. a. **No**. Income is less than the \$12,400 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 \$26,100 standard deduction (\$24,800 + \$1,300 (over 65 years old)).
d. **No**. Gross income is less than \$24,800, the 2020 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 **\$2,326**.
Boyd **\$2,746**.
Caldwell **\$3,898**.
Dell **\$3,015**.
Evans **\$5,685**. (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. **\$14,900** = \$9,235 + 22% x (\$106,000 – \$80,250). (LO 1.5)
17. They may file either as married filing joint 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 gross income test) **\$0**
 c. **Yes** **\$2,000** 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. **\$4,000.** Both children qualify for the \$2,000 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 \$2,400.** For Luke and Vanessa only.
RRC \$2,900. Luke and Vanessa's \$2,400 EIP plus \$500 for a qualifying child. (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. The limit for student loan interest deduction is **\$2,500.** (LO 1.10)

Group 3 – Writing Assignments

1. Research Solution:

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

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

Dear William and Sheila,

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

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

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

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

Sincerely,
Trevor Malcolm
for Whittenburg and Gill, CPAs

2. Ethics Solution:

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

Jason and Mary,

Thank you for your e-mail regarding your filing status for 2020. 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 2020 taxes as both single and married filing jointly and found that your refund would be larger if both of you filed as single. Unfortunately, the tax law is very clear on this issue. Individuals who are married as of the last day of the tax year are considered to be married. Married taxpayers have only two filing status options: married filing jointly or married filing separately. In order to file as single, taxpayers must be unmarried or legally separated from their spouse as of the last day of the tax year. Not only would it be unethical for you to file as single, it would be against the law.

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

Your friend,
Trevor Malcolm
For Whittenburg and Gill, CPAs

Group 4 – Comprehensive Problems

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

Group 5 – Cumulative Software Problem

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

Comprehensive Problem 1A

Form 1040	Department of the Treasury—Internal Revenue Service (99)	2020	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.																																								
U.S. Individual Income Tax Return																																												
Filing Status <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Head of household (HOH) <input type="checkbox"/> Qualifying widow(er) (QW) Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶																																												
Your first name and middle initial Maria		Last name Tallchief		Your social security number 466 33 1234																																								
If joint return, spouse's first name and middle initial		Last name		Spouse's social security number																																								
Home address (number and street). If you have a P.O. box, see instructions. 543 Space Drive				Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse																																								
City, town, or post office. If you have a foreign address, also complete spaces below. Houston,			State TX																																									
Foreign country name			ZIP code 77099																																									
Foreign province/state/county			Foreign postal code																																									
At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No																																												
Standard Deduction Someone can claim: <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent <input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien																																												
Age/Blindness You: <input type="checkbox"/> Were born before January 2, 1956 <input type="checkbox"/> Are blind Spouse: <input type="checkbox"/> Was born before January 2, 1956 <input type="checkbox"/> Is blind																																												
Dependents (see instructions): <table border="1" style="width:100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="width:10%;"></th> <th style="width:20%;">(1) First name</th> <th style="width:20%;">Last name</th> <th style="width:10%;">(2) Social security number</th> <th style="width:10%;">(3) Relationship to you</th> <th style="width:10%;">(4) <input checked="" type="checkbox"/> if qualifies for (see instructions):</th> <th style="width:10%;">Child tax credit</th> <th style="width:10%;">Credit for other dependents</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td><td> </td><td><input type="checkbox"/></td></tr> </tbody> </table>						(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions):	Child tax credit	Credit for other dependents						<input type="checkbox"/>		<input type="checkbox"/>						<input type="checkbox"/>		<input type="checkbox"/>						<input type="checkbox"/>		<input type="checkbox"/>						<input type="checkbox"/>		<input type="checkbox"/>
	(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions):	Child tax credit	Credit for other dependents																																					
					<input type="checkbox"/>		<input type="checkbox"/>																																					
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					<input type="checkbox"/>		<input type="checkbox"/>																																					
					<input type="checkbox"/>		<input type="checkbox"/>																																					
Attach Sch. B if required. Standard Deduction for— • Single or Married filing separately, \$12,400 • Married filing jointly or Qualifying widow(er), \$24,800 • Head of household, \$18,650 • If you checked any box under Standard Deduction, see instructions.	1 Wages, salaries, tips, etc. Attach Form(s) W-2		1 20,250																																									
	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"/>																																											
	8 Other income from Schedule 1, line 9																																											
	9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income ▶ 20,250																																											
	10 Adjustments to income:																																											
	a From Schedule 1, line 22	10a																																										
	b Charitable contributions if you take the standard deduction. See instructions	10b																																										
	c Add lines 10a and 10b. These are your total adjustments to income ▶ 10c																																											
	11 Subtract line 10c from line 9. This is your adjusted gross income ▶ 11 20,250																																											
	12 Standard deduction or itemized deductions (from Schedule A) ▶ 12 12,400																																											
13 Qualified business income deduction. Attach Form 8995 or Form 8995-A ▶ 13																																												
14 Add lines 12 and 13 ▶ 14 12,400																																												
15 Taxable income. Subtract line 14 from line 11. If zero or less, enter -0- ▶ 15 7,850																																												

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

Cat. No. 11320B

Form **1040** (2020)

Comprehensive Problem 1A, cont.

Form 1040 (2020)		Page 2
16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/> _____	788
17	Amount from Schedule 2, line 3	
18	Add lines 16 and 17	788
19	Child tax credit or credit for other dependents	
20	Amount from Schedule 3, line 7	
21	Add lines 19 and 20	
22	Subtract line 21 from line 18. If zero or less, enter -0-	788
23	Other taxes, including self-employment tax, from Schedule 2, line 10	
24	Add lines 22 and 23. This is your total tax	788
25	Federal income tax withheld from:	
a	Form(s) W-2	25a 1,197
b	Form(s) 1099	25b
c	Other forms (see instructions)	25c
d	Add lines 25a through 25c	25d 1,197
26	2020 estimated tax payments and amount applied from 2019 return	
27	Earned income credit (EIC)	27
28	Additional child tax credit. Attach Schedule 8812	28
29	American opportunity credit from Form 8863, line 8	29
30	Recovery rebate credit. See instructions	30
31	Amount from Schedule 3, line 13	31
32	Add lines 27 through 31. These are your total other payments and refundable credits	
33	Add lines 25d, 26, and 32. These are your total payments	1,197
34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	409
35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	409
b	Routing number _____ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
d	Account number _____	
36	Amount of line 34 you want applied to your 2021 estimated tax	36
37	Subtract line 33 from line 24. This is the amount you owe now Note: Schedule H and Schedule SE filers, line 37 may not represent all of the taxes you owe for 2020. See Schedule 3, line 12e, and its instructions for details.	
38	Estimated tax penalty (see instructions)	38
Third Party Designee	Do you want to allow another person to discuss this return with the IRS? See instructions <input type="checkbox"/> Yes . Complete below. <input type="checkbox"/> No	
	Designee's name _____	Phone no. _____
		Personal identification number (PIN) _____
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	
Your signature	Date	Your occupation Parking Attendant
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation
Phone no.	Email address	
Paid Preparer Use Only	Preparer's name	Preparer's signature
	Firm's name	Date
	Firm's address	PTIN
		Check if: <input type="checkbox"/> Self-employed
		Phone no.
		Firm's EIN

Comprehensive Problem 1B

Form **1040-SR** Department of the Treasury—Internal Revenue Service (99) **2020** U.S. Tax Return for Seniors OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

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

Your first name and middle initial: **Maria** Last name: **Tallchief** Your social security number: **466 33 1234**

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

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

At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire 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, 1956 Are blind
Spouse: Was born before January 2, 1956 Is blind

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions):	
				Child tax credit	Credit for other dependents
If more than four dependents, see instructions and check here <input type="checkbox"/>					
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

1 Wages, salaries, tips, etc. Attach Form(s) W-2	1	20,250
2a Tax-exempt interest	2a	
3a Qualified dividends	3a	
4a IRA distributions	4a	
5a Pensions and annuities	5a	
6a Social security benefits	6a	
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here	7	
8 Other income from Schedule 1, line 9	8	
9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income . . ▶	9	20,250
10 Adjustments to income:		
a From Schedule 1, line 22	10a	
b Charitable contributions if you take the standard deduction. See instructions	10b	
c Add lines 10a and 10b. These are your total adjustments to income ▶	10c	
11 Subtract line 10c from line 9. This is your adjusted gross income . . ▶	11	20,250

Attach Schedule B if required.

Comprehensive Problem 1B, cont.

Standard Deduction See <i>Standard Deduction Chart</i> on the last page of this form.	12	Standard deduction or itemized deductions (from Schedule A)	12	14,050
	13	Qualified business income deduction. Attach Form 8995 or Form 8995-A	13	
	14	Add lines 12 and 13	14	14,050
	15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15	6,200
	16	Tax (see instructions). Check if any from: <input type="checkbox"/> Form(s) 8814 <input type="checkbox"/> Form 4972 <input type="checkbox"/>	16	623
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	623
	19	Child tax credit or credit for other dependents	19	
	20	Amount from Schedule 3, line 7	20	
	21	Add lines 19 and 20	21	
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	623	
23	Other taxes, including self-employment tax, from Schedule 2, line 10	23		
24	Add lines 22 and 23. This is your total tax ▶	24	623	
	25	Federal income tax withheld from:		
	a	Form(s) W-2	25a	1,197
	b	Form(s) 1099	25b	
	c	Other forms (see instructions)	25c	
	d	Add lines 25a through 25c	25d	1,197
	26	2020 estimated tax payments and amount applied from 2019 return	26	
<ul style="list-style-type: none"> • If you have a qualifying child, attach Sch. EIC. • If you have nontaxable combat pay, see instructions. 	27	Earned income credit (EIC)	27	
	28	Additional child tax credit. Attach Schedule 8812	28	
	29	American opportunity credit from Form 8863, line 8	29	
	30	Recovery rebate credit. See instructions	30	
	31	Amount from Schedule 3, line 13	31	
	32	Add lines 27 through 31. These are your total other payments and refundable credits ▶	32	
	33	Add lines 25d, 26, and 32. These are your total payments ▶	33	1,197

Comprehensive Problem 1B, cont.

Form 1040-SR (2020) Page **3**

Refund	34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	574
	35a Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	574
Direct deposit? See instructions.	b Routing number _____ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings d Account number _____		
	36 Amount of line 34 you want applied to your 2021 estimated tax 36		
Amount You Owe	37 Subtract line 33 from line 24. This is the amount you owe now 37 Note: Schedule H and Schedule SE filers, line 37 may not represent all of the taxes you owe for 2020. See Schedule 3, line 12e, and its instructions for details.		
For details on how to pay, see instructions.	38 Estimated tax penalty (see instructions) 38		
Third Party Designee	Do you want to allow another person to discuss this return with the IRS? See instructions <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No Designee's name ▶ Phone no. ▶ Personal identification number (PIN) ▶		
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Joint return? See instructions. Keep a copy for your records.	Your signature _____ Date _____ Your occupation Parking Attendant		If the IRS sent you an Identity Protection PIN, enter it here (see inst.) _____
	Spouse's signature. If a joint return, both must sign. _____ Date _____ Spouse's occupation _____		If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) _____
	Phone no. _____	Email address _____	
Paid Preparer Use Only	Preparer's name _____	Preparer's signature _____	Date _____ PTIN _____
	Firm's name ▶ _____	Check if: <input type="checkbox"/> Self-employed	
	Firm's address ▶ _____	Phone no. _____ Firm's EIN ▶ _____	

Go to www.irs.gov/Form1040SR for instructions and the latest information.

Form **1040-SR** (2020)

Comprehensive Problem 2A

Form	1040	Department of the Treasury—Internal Revenue Service (99)	2020	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.																																																																								
U.S. Individual Income Tax Return																																																																													
Filing Status <input type="checkbox"/> Single <input checked="" type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Head of household (HOH) <input type="checkbox"/> Qualifying widow(er) (QW) Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶																																																																													
Your first name and middle initial Dora		Last name Knox		Your social security number 4 6 7 7 4 4 4 5 1																																																																									
If joint return, spouse's first name and middle initial		Last name		Spouse's social security number																																																																									
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For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.																																																																													

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

Comprehensive Problem 2B

Form	1040	Department of the Treasury—Internal Revenue Service (99)	2020	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.																																																																								
U.S. Individual Income Tax Return																																																																													
Filing Status <input type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately (MFS) <input checked="" type="checkbox"/> Head of household (HOH) <input type="checkbox"/> Qualifying widow(er) (QW) Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶																																																																													
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City, town, or post office. If you have a foreign address, also complete spaces below. Sioux Falls			State SD	ZIP code 57107																																																																									
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Comprehensive Problem 2B, cont.

16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16	4,653
17	Amount from Schedule 2, line 3	17	
18	Add lines 16 and 17	18	4,653
19	Child tax credit or credit for other dependents	19	500
20	Amount from Schedule 3, line 7	20	
21	Add lines 19 and 20	21	500
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	4,153
23	Other taxes, including self-employment tax, from Schedule 2, line 10	23	
24	Add lines 22 and 23. This is your total tax	24	4,153
25	Federal income tax withheld from:		
a	Form(s) W-2	25a	4,993
b	Form(s) 1099	25b	
c	Other forms (see instructions)	25c	
d	Add lines 25a through 25c	25d	4,993
26	2020 estimated tax payments and amount applied from 2019 return	26	
27	Earned income credit (EIC)	27	
28	Additional child tax credit. Attach Schedule 8812	28	
29	American opportunity credit from Form 8863, line 8	29	
30	Recovery rebate credit. See instructions	30	
31	Amount from Schedule 3, line 13	31	
32	Add lines 27 through 31. These are your total other payments and refundable credits	32	
33	Add lines 25d, 26, and 32. These are your total payments	33	4,993
Refund	34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	840
	35a Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	840
Direct deposit? See instructions.	b Routing number <input type="text"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number <input type="text"/>		
	36 Amount of line 34 you want applied to your 2021 estimated tax	36	
Amount You Owe	37 Subtract line 33 from line 24. This is the amount you owe now	37	
For details on how to pay, see instructions.	Note: Schedule H and Schedule SE filers, line 37 may not represent all of the taxes you owe for 2020. See Schedule 3, line 12e, and its instructions for details.		
	38 Estimated tax penalty (see instructions)	38	

Third Party Designee Do you want to allow another person to discuss this return with the IRS? See instructions **Yes.** Complete below. **No**

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

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation Accountant	If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <input type="text"/>
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) <input type="text"/>
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> Self-employed
Firm's name	Firm's address			Phone no.
				Firm's EIN

Key Number Tax Return Summary

Chapter 1

Comprehensive Problem 1A

Adjusted Gross Income (Line 11)	20,250
Taxable Income (Line 15)	7,850
Total Tax (Line 24)	788
Tax Refund (Line 35a)	409

Comprehensive Problem 1B

Adjusted Gross Income (Line 11)	20,250
Standard Deduction or Itemized Deductions (Line 12)	14,050
Total Tax (Line 24)	623
Tax Refund (Line 35a)	574

Comprehensive Problem 2A

Adjusted Gross Income (Line 11)	51,020
Standard Deduction or Itemized Deductions (Line 12)	24,800
Total Tax (Line 24)	2,752
Amount Overpaid (Line 34)	301

Comprehensive Problem 2B

Adjusted Gross Income (Line 11)	59,792
Standard Deduction or Itemized Deductions (Line 12)	18,650
Credit for Other Dependents (Line 19)	500
Total Tax (Line 24)	4,153
Amount Overpaid (Line 34)	840