



## Basic Course Scenarios and Test Questions

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### Directions

The first six scenarios do not require you to prepare a tax return. **Read the interview notes for each scenario carefully and use your training and resource materials to answer the questions after the scenarios.**

### Basic Scenario 1: Calvin Albright

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#### Interview Notes

- Calvin is 22 years old, single, and a U.S. citizen with a valid Social Security number.
- On Calvin's Intake and Interview sheet, he answered "Unsure" to the question, "Can anyone claim you or your spouse on their tax return?"
- During the interview with Calvin, you determine the following facts:
  - Calvin was a full-time student during 2016.
  - He earned \$7,000 in wages and had interest income of \$10 from a savings account.
  - He lived with his parents all year, but they told him they will not claim him on their 2016 return. Calvin's parents are required to file a return.
  - Calvin does not provide more than half of his own support.

### Basic Scenario 1: Test Questions

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1. Calvin can claim one personal exemption on his 2016 tax return.
  - a. True
  - b. False
2. Using Publication 4012, Who Must File tab, Chart B, Calvin has a filing requirement and must file a tax return.
  - a. True
  - b. False

## Basic Scenario 2: Dana Glendale

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### Interview Notes

- Dana is 32, unmarried, and earned \$40,000 in wages.
- Dana's 67-year-old single father, Tom, lives in his own apartment in Seattle.
- Dana provided more than half of her father's support and all the cost of keeping up her father's home.
- Tom's only income was \$6,800 in Social Security benefits.
- None of Tom's Social Security income is taxable, and he is not required to file a tax return.
- Dana had qualified employee health insurance coverage for all of 2016. Tom had Medicare Parts A and B coverage all year.
- Dana and Tom are U.S. citizens and have valid Social Security numbers.

## Basic Scenario 2: Test Questions

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3. Dana's most advantageous allowable filing status is:
  - a. Single
  - b. Head of Household
  - c. Married Filing Separately
  - d. Qualifying Widow
4. Both Dana and Tom have qualifying health insurance coverage (also known as minimum essential coverage) as defined under the Affordable Care Act.
  - a. True
  - b. False

## Basic Scenario 3: Julia Hillsdale

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### Interview Notes

- Julia is 46 and made \$32,000 in wages in 2016. She is single and pays all the cost of keeping up her home.
- Julia's daughter, Beth, lived with Julia all year.
- Beth is 27, single, and had no income in 2016. She is not disabled.
- Beth's baby, Piper, was born in November 2015. Piper lived in Julia's home since birth.
- Julia provides more than half of the support for both Beth and Piper.
- Julia, Beth, and Piper are all U.S. citizens with valid Social Security numbers.

## Basic Scenario 3: Test Questions

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5. Who can claim Piper as a dependent?
  - a. Beth can claim Piper because she is Piper's mother.
  - b. Julia can claim Piper; Beth cannot claim Piper because Beth qualifies as Julia's dependent.
  - c. Julia cannot claim Piper because Piper is not Julia's child.
  - d. No one can claim Piper.
6. Who can Julia claim as a qualifying child(ren) for the earned income credit?
  - a. Julia has no qualifying children.
  - b. Julia can claim Beth, but not Piper.
  - c. Julia can claim Piper, but not Beth.
  - d. Julia can claim both Beth and Piper.

## Basic Scenario 4: Everett and Catherine Brescia

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### Interview Notes

- Everett and Catherine lived in the U.S. all year and have Individual Taxpayer Identification Numbers (ITINs). They are not U.S. citizens and are not lawfully present in the U.S.
- Everett, age 24, and Catherine, age 22, are married and want to file a joint return.
- They have one child, Emory, who is 3 years old and lived with them all year.
- Everett earned \$32,000 in wages. They had no other income.
- Everett and Catherine provided all the support for Emory.
- Emory has a Social Security number and is a U.S. citizen.
- Everett and Catherine did not have any health insurance in 2016. Emory had minimum essential coverage (MEC) all year.

## Basic Scenario 4: Test Questions

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7. Review the Coverage Exemptions chart in Publication 4012. Everett and Catherine qualify for a health insurance coverage exemption.
  - a. True
  - b. False
8. Are Everett and Catherine eligible to claim the earned income credit?
  - a. Yes, because Emory is a U.S. citizen.
  - b. Yes, because they have earned income.
  - c. No, because Catherine had no earned income.
  - d. No, because Everett and Catherine have ITINs.
9. Which of the following benefits can Everett and Catherine claim on their tax return?
  - a. They can claim Emory as a dependent.
  - b. They can claim the child tax credit for Emory.
  - c. They can claim Emory as a dependent and take the child tax credit.
  - d. They cannot claim either the dependency exemption or the child tax credit.

## Basic Scenario 5: Ed Bard and Kara Crowder

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### Interview Notes

- Ed and Kara, both 24 years old, are not married. They lived together all year.
- Kara had \$5,000 in earned income during 2016. Ed earned \$30,000 in wages.
- Ed has two children from a previous relationship; Jason is 5 years old, and Trevor is 3.
- Jason and Trevor lived with Ed and Kara for all of 2016.
- Jason and Trevor did not provide over half of their own support.
- Ed paid all the rent, utilities, groceries, and other household expenses. Kara paid none of the household expenses.
- Ed, Kara, Jason, and Trevor are all U.S. citizens with valid Social Security numbers.

### Basic Scenario 5: Test Questions

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10. What are the correct filing statuses for Ed's and Kara's individual returns?
  - a. Both can file as Head of Household.
  - b. They can choose which one files as Head of Household.
  - c. Ed can file as Head of Household and Kara, if she chooses to file a tax return, must file as Single.
  - d. Both must file as Single.
11. It is allowable for both Ed and Kara to each claim one qualifying child for the earned income credit on their individual returns.
  - a. True
  - b. False

## Basic Scenario 6: Linda Findlay

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### Interview Notes

- Linda is married but did not live with or have contact with her spouse this tax year. She does not know where he is. She indicated on her intake sheet that she is not legally separated.
- Linda does not have children or any other dependents.
- Linda worked as a clerk and earned \$47,000 in wages. She had no other income.
- In 2016, she took a computer class at the community college to improve her job skills.
- She has a student account statement showing she paid \$900 for tuition.
- She paid \$300 for a course book that she ordered from an online bookseller. Purchase of the book was not a requirement of enrollment.
- She also paid \$50 for a parking permit that was not a requirement of enrollment.
- Linda does not have enough deductions to itemize.
- Linda is a U.S. citizen with a valid Social Security number.

## Basic Scenario 6: Test Questions

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12. What is Linda's most advantageous allowable filing status?
  - a. Married Filing Separately
  - b. Head of Household
  - c. Single
  - d. Qualifying Widow
13. Which education benefit is Linda eligible to claim?
  - a. American opportunity credit
  - b. Lifetime learning credit
  - c. Tuition and fees deduction
  - d. She does not qualify for any education benefit

## Basic Scenario 7: Gordon Ferris and Ellen Mercer

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### Directions

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.

*Note: When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.*

### Interview Notes

- Gordon and Ellen are married and want to file a joint return.
- Gordon did not receive a Form 1099-INT, but called County Bank and confirmed that in 2016 they received \$9 of interest income in their savings account with no withholding and no early withdrawal penalty.
- Gordon bought a \$25 raffle ticket and won a \$3,000 prize. He brought his Form W2-G.
- Gordon was covered by Medicare Parts A and B for the whole year. Ellen had no health insurance all year, and does not qualify for any coverage exemptions.





Check appropriate box for each question in each section

Yes	No	Unsure	Part III – Income – Last Year, Did You (or Your Spouse) Receive
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? <u>1</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (A) Tip Income?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (B) Scholarships? (Forms W-2, 1098-T)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (B) Refund of state/local income taxes? (Form 1099-G)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Alimony income or separate maintenance payments?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (A) Self-Employment income? (Form 1099-MISC, cash)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (A) Income (or loss) from the sale of Stocks, Bonds or Real Estate? (including your home) (Forms 1099-S, 1099-B)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. (A) Payments from Pensions, Annuities, and/or IRA? (Form 1099-R)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	12. (B) Unemployment compensation? (Form 1099-G)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	14. (M) Income (or loss) from Rental Property?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, royalties, foreign income, etc.) Specify <b>GAMBLING</b>
Yes	No	Unsure	Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Contributions to a retirement account? IRA (A) _____ 401K (B) _____ Roth IRA (B) _____ Other _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Unreimbursed employee business expenses? (such as uniforms or mileage)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (B) Medical expenses? (including health insurance premiums)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Home mortgage interest? (Form 1098)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (B) Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (B) Charitable contributions?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (B) Child or dependent care expenses such as daycare?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. (A) Expenses related to self-employment income or any other income you received?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	12. (B) Student loan interest? (Form 1098-E)
Yes	No	Unsure	Part V – Life Events – Last Year, Did You (or Your Spouse)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (A) Have debt from a mortgage or credit card cancelled/forgiven by a commercial lender? (Forms 1099-C, 1099-A)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (A) Buy, sell or have a foreclosure of your home? (Form 1099-A)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Live in an area that was affected by a natural disaster? If yes, where? _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (A) Receive the First Time Homebuyers Credit in 2008?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much? _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?

Check appropriate box for each question in each section

Yes	No	Unsure	Part VI - Health Care Coverage - Last year, did you, your spouse, or dependent(s)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Have health care coverage?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (B) Receive one or more of these forms? (Check the box) <input type="checkbox"/> Form 1095-B <input type="checkbox"/> Form 1095-C
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (A) Have coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3a. (A) If yes, were advance credit payments made to help you pay your health care premiums?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3b. (A) If yes, Is everyone listed on your Form 1095-A being claimed on this tax return?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Have an exemption granted by the Marketplace?

Visit <http://www.healthcare.gov/> or call 1-800-318-2596 for more information on health insurance options and assistance.

If advance payments of the premium tax credit were paid on your behalf to help pay your health insurance premiums, you should report life changes, such as, income, marital status or family size changes, to your Marketplace. Reporting changes will help to make sure you are getting the proper amount of advance payments.

To be Completed by a Certified Volunteer Preparer (Use Publication 4012 and check the appropriate box(es) indicating Minimum Essential Coverage (MEC) for everyone listed on the return.)

Name (List dependents in the same order as in Part II)	MEC Entire Year	No MEC	Part Year MEC (mark months with coverage)	Exemption (mark months exemptions applies)	Exemption All Year	Notes
Taxpayer			J F M A M J J A S O N D	J F M A M J J A S O N D		
Spouse			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		

Part VII – Additional Information and Questions Related to the Preparation of Your Return

- Presidential Election Campaign Fund (If you check a box, your tax or refund will not change)  
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund  You  Spouse
  - If you are due a refund, would you like:
    - Direct deposit  Yes  No
    - To purchase U.S. Savings Bonds  Yes  No
    - To split your refund between different accounts  Yes  No
  - If you have a balance due, would you like to make a payment directly from your bank account?  Yes  No
- Many free tax preparation sites operate by receiving grant money. The data from the following questions may be used by this site to apply for these grants. Your answers will be used only for statistical purposes.
- Other than English, what language is spoken in your home? NONE  Prefer not to answer
  - Do you or any member of your household have a disability?  Yes  No  Prefer not to answer
  - Are you or your spouse a Veteran from the U.S. Armed Forces?  Yes  No  Prefer not to answer
  - Provide your Email address (this email address will not be used for contacts from the Internal Revenue Service) \_\_\_\_\_

Additional comments

**Part VIII – IRS-Certified Volunteer Quality Reviewer Section**

**Review the tax return with the taxpayer to ensure:**

- Taxpayer (and Spouse's) identity was verified with a photo ID.
- The volunteer return preparer/quality reviewer are certified to prepare/review this return and return is within scope of the program.
- All questions in Parts I through VI have been answered.
- All unsure boxes were discussed with the taxpayer and correctly marked yes or no.
- The information on pages one through three was correctly addressed and entered on the return.
- Names, SSNs, ITINs, and EINs, were verified and correctly transferred to the return.
- Filing status was verified and correct.
- Personal and Dependency Exemptions are entered correctly on the return.
- All Income (including income with or without source documents) checked "yes" in Part III was correctly transferred to the tax return.
- Adjustments to income, such as student loan interest, IRA contributions, self employment tax, were verified and are correct.
- Standard, Additional or Itemized Deductions are correct.
- All credits are correctly reported.
- All applicable provisions of ACA were considered for each person named on the tax return and were entered correctly.
- Any Shared Responsibility Payments are correct.
- Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
- Direct Deposit/Debit and checking/saving account numbers are correct.
- SIDN is correct on the return.
- The taxpayer(s) was advised that they are responsible for the information on their return.

Certified Volunteer Preparer's name/initials (optional)

Certified Volunteer Quality Reviewer's name/initials (optional)

Additional Tax Preparer notes

**Privacy Act and Paperwork Reduction Act Notice**

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

Our legal right to ask for information is 5 U.S.C. 301. We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers. Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or suggestion on making this process simpler, please write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224

a Employee's social security number <b>137-00-XXXX</b>		Safe, accurate, FAST! Use		Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>	
b Employer identification number (EIN) <b>35-500XXXX</b>		1 Wages, tips, other compensation <b>12,790.00</b>	2 Federal income tax withheld <b>1,958.00</b>		
c Employer's name, address, and ZIP code <b>MAPLE CONVENIENCE SHOP 1225 MAPLE STREET YOUR CITY, STATE ZIP</b>		3 Social security wages <b>12,790.00</b>	4 Social security tax withheld <b>792.98</b>		
		5 Medicare wages and tips <b>12,790.00</b>	6 Medicare tax withheld <b>185.46</b>		
		7 Social security tips	8 Allocated tips		
d Control number		9	10 Dependent care benefits		
e Employee's first name and initial Last name <b>ELLEN MERCER 1932 CALVERT COURT YOUR CITY, STATE ZIP</b>		Suff. 11 Nonqualified plans	12a See instructions for box 12		
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	12b		
		14 Other	12c		
			12d		
f Employee's address and ZIP code		15 State Employer's state ID number <b>YS 35-500XXXX</b>	16 State wages, tips, etc. <b>12,790.00</b>	17 State income tax <b>127.90</b>	18 Local wages, tips, etc.
				19 Local income tax	20 Locality name

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

**2016**

Department of the Treasury—Internal Revenue Service

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

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code <b>GILMER CORP 2250 DELTA AVE YOUR CITY, STATE ZIP</b>		1 Gross distribution <b>\$ 23,600.00</b>	OMB No. 1545-0119 <b>2016</b>		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
PAYER'S federal identification number <b>34-600XXXX</b>		2a Taxable amount <b>\$ 22,850.00</b>	Form <b>1099-R</b>		
RECIPIENT'S name <b>GORDON FERRIS</b>		2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.  This information is being furnished to the Internal Revenue Service.
RECIPIENT'S identification number <b>130-00-XXXX</b>	3 Capital gain (included in box 2a) <b>\$</b>	4 Federal income tax withheld <b>\$</b>			
Street address (including apt. no.) <b>1932 CALVERT COURT</b>		5 Employee contributions /Designated Roth contributions or insurance premiums <b>\$</b>	6 Net unrealized appreciation in employer's securities <b>\$</b>		
City or town, state or province, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		7 Distribution code(s) <b>7</b>	8 Other <b>\$</b> %		
10 Amount allocable to IRR within 5 years <b>\$</b>	11 1st year of desig. Roth contrib.	FATCA filing requirement <input type="checkbox"/>	9a Your percentage of total distribution <b>%</b>	9b Total employee contributions <b>\$ 16,250.00</b>	
Account number (see instructions)		12 State tax withheld <b>\$</b>	13 State/Payer's state no.	14 State distribution <b>\$</b>	
		15 Local tax withheld <b>\$</b>	16 Name of locality	17 Local distribution <b>\$</b>	

Form **1099-R**

[www.irs.gov/form1099r](http://www.irs.gov/form1099r)

Department of the Treasury - Internal Revenue Service





Department of Treasury  
Internal Revenue Service  
Kansas City Service Center -SP  
Kansas City, MO 64999-0017

Gordon Ferris  
1932 Calvert Court  
Your City, State ZIP

Notice	CP01A
Tax Year	2016
Notice date	
To contact us	Phone 1-800-XXX-XXXX
Page 1	

Important information about filing your 2016 federal tax return

## We assigned you an Identity Protection Personal Identification Number

Our records show that you either:

- were previously a victim of identity theft or,
- notified IRS that you experienced an incident that could potentially expose you to identity theft or
- requested an IP PIN

We placed an indicator on your account to protect you when you file your federal tax return. This means that we'll review any tax return filed with your Taxpayer Identification Number to make sure it isn't being filed fraudulently.

To verify that a return belongs to you, we assigned you a unique Identity Protection Personal Identification Number (IP PIN) for 2016. You'll need to use this IP PIN when filing any Forms 1040 during the calendar year beginning in January.

If you fail to use your assigned IP PIN, your return could be rejected or delayed

Your assigned 2016 IP PIN is:

012345

### What you need to do

- When you file your federal tax return, enter the IP PIN in the correct place:
  - If filing electronically, your tax software or practitioner will tell you when and where to enter it.
  - If filing a paper return, enter your IP PIN in the gray box marked "Identity Protection PIN" to the right of "Spouse's signature and occupation".
- Don't use the IP PIN if you are being claimed as a dependent.
- If you're married and filing jointly and:
  - you're filing electronically, you'll need to enter your IP PIN whether you are filing as the primary taxpayer (first person on the return) or spouse.
  - you're filing by paper, only enter the IP PIN for the taxpayer whose social security number is listed first on the return.
  - only enter the IP PIN for the taxpayer whose social security number is listed first on the return.
- If you don't have to file a tax return, you won't need to use your IP PIN. Your account will continue to be protected from fraudulent filing due to identity theft.
- You will have to use a paper form if you apply for an extension of time to file your return or need an installment agreement.

Keep a copy of this letter with your tax records.

### What to remember about your IP PIN

Your IP PIN is only good for one year and a new one will be issued as long as the identity theft Indicator is on your tax account.

Keep your number private and don't give it to anyone other than a tax professional filing your return.

The IP PIN is only used to file your return. It has no other purpose. If you e-file, it is different than the 5 digit PIN you create when digitally signing your return

## Basic Scenario 7: Test Questions

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14. Gordon has an Identity Protection PIN. How does this affect his return preparation?
- The Identity Protection PIN must be entered during return preparation.
  - This return cannot be prepared at a volunteer site.
  - The return must be filed as a paper return.
  - All of the above.
15. The \$9 of savings account interest is **not required** to be included on the return since no Form 1099-INT was issued
- True
  - False
16. What is the taxable amount of Gordon's Social Security? \$\_\_\_\_\_.
17. Gordon is over 65. How does that affect their tax return?
- There is no effect.
  - It increases their standard deduction.
  - It increases their personal exemptions.
  - They must itemize their deductions.
18. Gordon and Ellen want to avoid having a balance due next year. Gordon can submit a Form W4-P to have tax withheld on his pension.
- True
  - False
19. Gordon and Ellen are **not** required to make a shared responsibility payment on Form 1040, page 2.
- True
  - False

## Basic Scenario 8: Valerie Sinclair

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Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.

*Note: When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.*

### Interview Notes

- Valerie's husband, Donald, died in March 2015. She has not remarried. They have two sons, Ethan and Patrick, who lived with her all year.
- Valerie paid more than half of Patrick's support and all of the cost of keeping up the home.
- Her son, Ethan, is permanently and totally disabled. He received disability income that provided more than half of his own support.
- Valerie lost her job on October 20, 2016 and received unemployment income.
- She cashed in her 401(k) savings and used the money for household expenses. She does not qualify for any exception to the additional tax on early distributions.
- Her son, Patrick, attended after-school care while Valerie worked.
- Valerie and Patrick had health insurance through Valerie's employer until the end of October. They did not enroll in any other coverage until January 2017. Ethan had MEC all year through Medicaid.



**You will need:**

- Tax Information such as Forms W-2, 1099, 1098, 1095.
- Social security cards or ITIN letters for all persons on your tax return.
- Picture ID (such as valid driver's license) for you and your spouse.

- Please complete pages 1-3 of this form.
- You are responsible for the information on your return. Please provide complete and accurate information.
- If you have questions, please ask the IRS-certified volunteer preparer.

Volunteers are trained to provide high quality service and uphold the highest ethical standards.  
To report unethical behavior to the IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov)

**Part I – Your Personal Information** (If you are filing a joint return, enter your names in the same order as last year's return)

1. Your first name <b>VALERIE</b>	M.I.	Last name <b>SINCLAIR</b>	Telephone number <b>YOUR PHONE #</b>	Are you a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Your spouse's first name	M.I.	Last name	Telephone number	Is your spouse a U.S. citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing address <b>129 PENNINGTON PLACE</b>		Apt #	City <b>YOUR CITY</b>	State <b>YS</b> ZIP code <b>YOUR ZIP</b>
4. Your Date of Birth <b>04/29/1968</b>	5. Your job title <b>MED ASSISTANT</b>		6. Last year, were you:	
			a. Full-time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
			b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
7. Your spouse's Date of Birth	8. Your spouse's job title		9. Last year, was your spouse:	
			a. Full-time student <input type="checkbox"/> Yes <input type="checkbox"/> No	
			b. Totally and permanently disabled <input type="checkbox"/> Yes <input type="checkbox"/> No	
10. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure				
11. Have you or your spouse:				
			a. Been a victim of identity theft? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
			b. Adopted a child? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

**Part II – Marital Status and Household Information**

1. As of December 31, 2016, were you:  Unmarried (This includes registered domestic partnerships, civil unions, or other formal relationships under state law)  Married a. If Yes, Did you get married in 2016?  Yes  No

Divorced b. Did you live with your spouse during any part of the last six months of 2016?  Yes  No  
Date of final decree \_\_\_\_\_

Legally Separated Date of separate maintenance agreement \_\_\_\_\_  
Year of spouse's death **3/14/15**

Widowed

2. List the names below of:

- everyone who lived with you last year (other than your spouse)
- anyone you supported but did not live with you last year

If additional space is needed check here  and list on page 3

									To be completed by a Certified Volunteer Preparer				
Name (first, last) Do not enter your name or spouse's name below	Date of Birth (mm/dd/yy)	Relationship to you (for example: son, daughter, parent, none, etc)	Number of months lived in your home last year	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/16 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	Is this person a qualifying child/relative of any other person? (yes/no)	Did this person provide more than 50% of his/her own support? (yes/no)	Did this person have less than \$4,050 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no/N/A)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)					
<b>PATRICK SINCLAIR</b>	<b>06/06/07</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>NO</b>					
<b>ETHAN SINCLAIR</b>	<b>11/27/91</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>S</b>	<b>NO</b>	<b>YES</b>					

## Check appropriate box for each question in each section

Yes	No	Unsure	Part III – Income – Last Year, Did You (or Your Spouse) Receive
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? <u>1</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (A) Tip Income?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (B) Scholarships? (Forms W-2, 1098-T)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (B) Refund of state/local income taxes? (Form 1099-G)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Alimony income or separate maintenance payments?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (A) Self-Employment income? (Form 1099-MISC, cash)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (A) Income (or loss) from the sale of Stocks, Bonds or Real Estate? (including your home) (Forms 1099-S, 1099-B)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. (A) Payments from Pensions, Annuities, and/or IRA? (Form 1099-R)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. (B) Unemployment compensation? (Form 1099-G)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	14. (M) Income (or loss) from Rental Property?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, royalties, foreign income, etc.) Specify
Yes	No	Unsure	Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Contributions to a retirement account? <u>                    </u> IRA (A) <u>                    </u> 401K (B) <u>                    </u> Roth IRA (B) <u>                    </u> Other
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Unreimbursed employee business expenses? (such as uniforms or mileage)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (B) Medical expenses? (including health insurance premiums)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Home mortgage interest? (Form 1098)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (B) Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (B) Charitable contributions?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. (B) Child or dependent care expenses such as daycare?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. (A) Expenses related to self-employment income or any other income you received?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	12. (B) Student loan interest? (Form 1098-E)
Yes	No	Unsure	Part V – Life Events – Last Year, Did You (or Your Spouse)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (A) Have debt from a mortgage or credit card cancelled/forgiven by a commercial lender? (Forms 1099-C, 1099-A)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (A) Buy, sell or have a foreclosure of your home? (Form 1099-A)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? <u>                    </u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Live in an area that was affected by a natural disaster? If yes, where? <u>                    </u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (A) Receive the First Time Homebuyers Credit in 2008?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much? <u>                    </u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?

**Check appropriate box for each question in each section**

Yes	No	Unsure	Part VI - Health Care Coverage - Last year, did you, your spouse, or dependent(s)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Have health care coverage?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (B) Receive one or more of these forms? (Check the box) <input type="checkbox"/> Form 1095-B <input type="checkbox"/> Form 1095-C
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (A) Have coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3a. (A) If yes, were advance credit payments made to help you pay your health care premiums?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3b. (A) If yes, Is everyone listed on your Form 1095-A being claimed on this tax return?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Have an exemption granted by the Marketplace?

Visit <http://www.healthcare.gov/> or call 1-800-318-2596 for more information on health insurance options and assistance.

If advance payments of the premium tax credit were paid on your behalf to help pay your health insurance premiums, you should report life changes, such as, income, marital status or family size changes, to your Marketplace. Reporting changes will help to make sure you are getting the proper amount of advance payments.

**To be Completed by a Certified Volunteer Preparer** (Use Publication 4012 and check the appropriate box(es) indicating Minimum Essential Coverage (MEC) for everyone listed on the return.)

Name (List dependents in the same order as in Part II)	MEC Entire Year	No MEC	Part Year MEC (mark months with coverage)	Exemption (mark months exemptions applies)	Exemption All Year	Notes
Taxpayer			J F M A M J J A S O N D	J F M A M J J A S O N D		
Spouse			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		

**Part VII – Additional Information and Questions Related to the Preparation of Your Return**

- Presidential Election Campaign Fund (If you check a box, your tax or refund will not change)  
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund  You  Spouse
  - If you are due a refund, would you like:
    - Direct deposit  Yes  No
    - To purchase U.S. Savings Bonds  Yes  No
    - To split your refund between different accounts  Yes  No
  - If you have a balance due, would you like to make a payment directly from your bank account?  Yes  No
- Many free tax preparation sites operate by receiving grant money. The data from the following questions may be used by this site to apply for these grants. Your answers will be used only for statistical purposes.**
- Other than English, what language is spoken in your home? NONE  Prefer not to answer
  - Do you or any member of your household have a disability?  Yes  No  Prefer not to answer
  - Are you or your spouse a Veteran from the U.S. Armed Forces?  Yes  No  Prefer not to answer
  - Provide your Email address (this email address will not be used for contacts from the Internal Revenue Service) \_\_\_\_\_

Additional comments

\_\_\_\_\_

\_\_\_\_\_

**Part VIII – IRS-Certified Volunteer Quality Reviewer Section**

**Review the tax return with the taxpayer to ensure:**

- Taxpayer (and Spouse's) identity was verified with a photo ID.
- The volunteer return preparer/quality reviewer are certified to prepare/review this return and return is within scope of the program.
- All questions in Parts I through VI have been answered.
- All unsure boxes were discussed with the taxpayer and correctly marked yes or no.
- The information on pages one through three was correctly addressed and entered on the return.
- Names, SSNs, ITINs, and EINs, were verified and correctly transferred to the return.
- Filing status was verified and correct.
- Personal and Dependency Exemptions are entered correctly on the return.
- All Income (including income with or without source documents) checked "yes" in Part III was correctly transferred to the tax return.
- Adjustments to income, such as student loan interest, IRA contributions, self employment tax, were verified and are correct.
- Standard, Additional or Itemized Deductions are correct.
- All credits are correctly reported.
- All applicable provisions of ACA were considered for each person named on the tax return and were entered correctly.
- Any Shared Responsibility Payments are correct.
- Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
- Direct Deposit/Debit and checking/saving account numbers are correct.
- SIDN is correct on the return.
- The taxpayer(s) was advised that they are responsible for the information on their return.

Certified Volunteer Preparer's name/initials (optional)

Certified Volunteer Quality Reviewer's name/initials (optional)

Additional Tax Preparer notes

**Privacy Act and Paperwork Reduction Act Notice**

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

Our legal right to ask for information is 5 U.S.C. 301. We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers. Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or suggestion on making this process simpler, please write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224

a Employee's social security number <b>259-00-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>35-600XXXX</b>		1 Wages, tips, other compensation <b>35,300.00</b>		2 Federal income tax withheld <b>2,300.00</b>					
c Employer's name, address, and ZIP code  <b>MARICOPA MEDICAL SERVICES 1270 WEST 29TH STREET YOUR CITY, STATE ZIP</b>		3 Social security wages <b>35,300.00</b>		4 Social security tax withheld <b>2,188.60</b>					
		5 Medicare wages and tips <b>35,300.00</b>		6 Medicare tax withheld <b>511.85</b>					
		7 Social security tips		8 Allocated tips					
d Control number		9		10 Dependent care benefits					
e Employee's first name and initial Last name  <b>VALERIE SINCLAIR 129 PENNINGTON PLACE YOUR CITY, STATE ZIP</b>		11 Nonqualified plans		12a See instructions for box 12 <b>DD 6,788.00</b>					
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b					
		14 Other		12c					
f Employee's address and ZIP code				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			
<b>YS</b>	<b>35-600XXXX</b>	<b>35,300.00</b>	<b>1,472.00</b>						

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

**2016**

Department of the Treasury—Internal Revenue Service

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

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.  <b>STATE UNEMPLOYMENT COMMISSION 1000 GOVERNMENT PLAZA YOUR CITY, STATE ZIP</b>		1 Unemployment compensation <b>\$ 3,000.00</b>		OMB No. 1545-0120  <b>2016</b>		<b>Certain Government Payments</b>	
PAYER'S federal identification number <b>35-700XXXX</b>		2 State or local income tax refunds, credits, or offsets <b>\$</b>		Form <b>1099-G</b>			
RECIPIENT'S name  <b>VALERIE SINCLAIR</b>		3 Box 2 amount is for tax year		4 Federal income tax withheld <b>\$ 300.00</b>		<b>Copy B For Recipient</b> This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
Street address (including apt. no.) <b>129 PENNINGTON PLACE</b>		5 RTAA payments <b>\$</b>		6 Taxable grants <b>\$</b>			
City or town, state or province, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		7 Agriculture payments <b>\$</b>		8 If checked, box 2 is trade or business income <input type="checkbox"/>			
Account number (see instructions)		9 Market gain <b>\$</b>		11 State income tax withheld <b>\$</b>			
		10a State		10b State identification no.			

Form **1099-G** (keep for your records) [www.irs.gov/form1099g](http://www.irs.gov/form1099g) Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code  <b>KENT STATE BANK FOR MARICOPA MEDICAL SERVICES 401(K) 743 COLQUITT WAY YOUR CITY, STATE ZIP</b>		<b>1</b> Gross distribution \$ <b>2,600.00</b>		OMB No. 1545-0119  <div style="font-size: 2em; font-weight: bold; text-align: center;">2016</div>		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>	
		<b>2a</b> Taxable amount \$ <b>2,600.00</b>		Form <b>1099-R</b>			
PAYER'S federal identification number  <b>38-200XXX</b>		RECIPIENT'S identification number  <b>259-00-XXXX</b>		<b>2b</b> Taxable amount not determined <input type="checkbox"/>		Total distribution <input checked="" type="checkbox"/>	
RECIPIENT'S name  <b>VALERIE SINCLAIR</b>  Street address (including apt. no.) <b>129 PENNINGTON PLACE</b>  City or town, state or province, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		<b>3</b> Capital gain (included in box 2a) \$		<b>4</b> Federal income tax withheld \$ <b>520.00</b>		<b>Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.</b>  This information is being furnished to the Internal Revenue Service.	
		<b>5</b> Employee contributions /Designated Roth contributions or insurance premiums \$		<b>6</b> Net unrealized appreciation in employer's securities \$			
Amount allocable to IRR within 5 years \$		<b>7</b> Distribution code(s) <b>1</b>		<b>8</b> Other \$ %		<b>9a</b> Your percentage of total distribution % \$	
		<b>10</b> 1st year of desig. Roth contrib. FATCA filing requirement <input type="checkbox"/>		<b>11</b> State tax withheld \$			
Account number (see instructions)		<b>13</b> State distribution \$		<b>14</b> State distribution \$		<b>15</b> Local tax withheld \$	
		<b>16</b> Name of locality \$		<b>17</b> Local distribution \$		\$	

Form **1099-R**

www.irs.gov/form1099r

Department of the Treasury - Internal Revenue Service

**Stone's Child Care**

303 Twiggs Trail  
Your City, Your State Your Zip

December 31, 2016

Received from Valerie Sinclair:

\$1,600 for after-school care for Patrick Sinclair

\$1,600 Total amount received for child care in 2016

Ellen Stone

EIN: 35-900XXXX

<b>Valerie Sinclair</b> 129 Pennington Place Your City, State 00000	<b>1234</b> 15-0000000000
	_____ 20 _____
PAY TO THE ORDER OF _____	\$ <input type="text"/>
	_____ DOLLARS
<b>Adelphi Bank and Trust</b> Anytown, State 00000	
For _____	
: 111000025 : 123456789 1234	

VOID

## Basic Scenario 8: Test Questions

---

20. Which allowable filing status is most advantageous to Valerie?
- a. Single
  - b. Head of Household
  - c. Qualifying Widow(er)
  - d. Married Filing Jointly
21. Ethan is Valerie's qualifying child for which of the following benefits?
- a. Exemption for a dependent
  - b. Child tax credit
  - c. Earned income credit
  - d. None of the above
22. What is the total federal income tax withholding for Valerie's tax return?  
\$\_\_\_\_\_.
23. What is Valerie's credit for child and dependent care expenses shown in the tax and credits section of her tax return?
- a. \$336
  - b. \$352
  - c. \$368
  - d. \$384
24. Valerie and Patrick did not have Minimum Essential Coverage (MEC) for two months of the tax year. How does this affect her tax return?
- a. She must complete Form 8965 to claim the short coverage gap exemption.
  - b. She must make a Shared Responsibility Payment for herself.
  - c. She must make a Shared Responsibility Payment for herself and Patrick.
  - d. None of the above.
25. What is the amount of additional tax on the distribution from Valerie's 401(k), shown in the Other Taxes section of Form 1040?
- a. \$0
  - b. \$130
  - c. \$260
  - d. \$520

## Basic Scenario 9: Justin Reedley

---

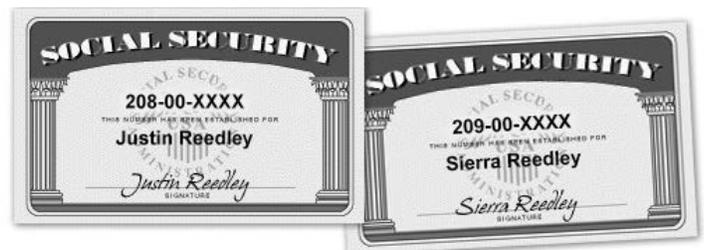
### Directions

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.

*Note: When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.*

### Interview Notes

- Justin's wife moved out in 2014. Justin will not file a joint return with his wife.
- Justin paid all the costs of keeping up the home. His daughter, Sierra, did not work and provided less than 50% of her own support.
- Justin has never taken a distribution from a retirement account and is not a student.
- In 2016, Sierra was a first year student at Yuma College, an eligible educational institution. She is pursuing a degree in Business. Sierra used her savings and the proceeds of a student loan to purchase course-related books from the campus bookstore for \$1,000, pay \$3,200 for room and board, and pay the \$1,800 tuition not covered by her scholarship. Sierra does not have a felony drug conviction.
- Sierra lived in a dorm on campus during the school year. Sierra lived with Justin before she started attending college and during school breaks.
- The terms of Sierra's scholarship state that it must be used to pay qualified tuition.
- Justin wants to know if he has enough deductions to itemize. He gives you receipts and statements for the following items he would like to deduct:
  - Unreimbursed doctor bills for Justin for \$300.
  - Unreimbursed prescription drugs for \$1,400.
  - Over the counter vitamins for \$150.
  - Safe deposit box for \$200.
  - A statement received from his church showing donations made throughout the year totaling \$1,500.
  - Receipt for donation of furniture in good, used condition to Goodwill. The estimated fair market value is \$240.
  - \$100 given to a friend for her medical bill.
  - Form 1098 showing mortgage interest, mortgage insurance premiums and real estate tax he paid.
  - \$1,200 for homeowner's insurance.
- Justin is repaying a student loan from his technical school education. The loan was for qualified education expenses at an eligible institution.
- Justin and Sierra were covered all year under a health care plan through Justin's employer. The employer paid the entire premium.
- Justin did not itemize deductions last year.



Form <b>13614-C</b> (October 2016)	Department of the Treasury - Internal Revenue Service <b>Intake/Interview &amp; Quality Review Sheet</b>	OMB Number 1545-1964
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- You will need:**
- Tax Information such as Forms W-2, 1099, 1098, 1095.
  - Social security cards or ITIN letters for all persons on your tax return.
  - Picture ID (such as valid driver's license) for you and your spouse.
- Please complete pages 1-3 of this form.
  - You are responsible for the information on your return. Please provide complete and accurate information.
  - If you have questions, please ask the IRS-certified volunteer preparer.

Volunteers are trained to provide high quality service and uphold the highest ethical standards.  
To report unethical behavior to the IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov)

**Part I – Your Personal Information** (If you are filing a joint return, enter your names in the same order as last year's return)

1. Your first name <b>JUSTIN</b>	M.I.	Last name <b>REEDLEY</b>	Telephone number <b>YOUR PHONE #</b>	Are you a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Your spouse's first name	M.I.	Last name	Telephone number	Is your spouse a U.S. citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing address <b>847 MESA AVE</b>		Apt #	City <b>YOUR CITY</b>	State <b>YS</b>
4. Your Date of Birth <b>08/10/1962</b>		5. Your job title <b>ELECTRICIAN</b>		6. Last year, were you: a. Full-time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
7. Your spouse's Date of Birth		8. Your spouse's job title		b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
10. Can anyone claim you or your spouse on their tax return?		9. Last year, was your spouse:		c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
11. Have you or your spouse:		a. Been a victim of identity theft?		a. Full-time student <input type="checkbox"/> Yes <input type="checkbox"/> No
		b. Adopted a child?		b. Totally and permanently disabled <input type="checkbox"/> Yes <input type="checkbox"/> No
				c. Legally blind <input type="checkbox"/> Yes <input type="checkbox"/> No

**Part II – Marital Status and Household Information**

1. As of December 31, 2016, were you:  Unmarried (This includes registered domestic partnerships, civil unions, or other formal relationships under state law)  Married

a. If Yes, Did you get married in 2016?  Yes  No

b. Did you live with your spouse during any part of the last six months of 2016?  Yes  No

Divorced Date of final decree \_\_\_\_\_

Legally Separated Date of separate maintenance agreement \_\_\_\_\_

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

2. List the names below of:
- everyone who lived with you last year (other than your spouse)
  - anyone you supported but did not live with you last year
- If additional space is needed check here  and list on page 3

									To be completed by a Certified Volunteer Preparer				
Name (first, last) Do not enter your name or spouse's name below	Date of Birth (mm/dd/yy)	Relationship to you (for example: son, daughter, parent, none, etc)	Number of months lived in your home last year	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/16 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	Is this person a qualifying child/relative of any other person? (yes/no)	Did this person provide more than 50% of his/her own support? (yes/no)	Did this person have less than \$4,050 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no/N/A)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)					
<b>SIERRA REEDLEY</b>	<b>06/09/98</b>	<b>Daughter</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>NO</b>					

Check appropriate box for each question in each section

Yes	No	Unsure	Part III – Income – Last Year, Did You (or Your Spouse) Receive
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? <u>1</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (A) Tip Income?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (B) Scholarships? (Forms W-2, 1098-T)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (B) Refund of state/local income taxes? (Form 1099-G)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Alimony income or separate maintenance payments?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (A) Self-Employment income? (Form 1099-MISC, cash)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (A) Income (or loss) from the sale of Stocks, Bonds or Real Estate? (including your home) (Forms 1099-S, 1099-B)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. (A) Payments from Pensions, Annuities, and/or IRA? (Form 1099-R)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	12. (B) Unemployment compensation? (Form 1099-G)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	14. (M) Income (or loss) from Rental Property?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, royalties, foreign income, etc.) Specify
Yes	No	Unsure	Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN? <input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Contributions to a retirement account? IRA (A) <input checked="" type="checkbox"/> 401K (B) _____ Roth IRA (B) _____ Other _____
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Unreimbursed employee business expenses? (such as uniforms or mileage)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. (B) Medical expenses? (including health insurance premiums)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. (B) Home mortgage interest? (Form 1098)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. (B) Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. (B) Charitable contributions?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (B) Child or dependent care expenses such as daycare?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. (A) Expenses related to self-employment income or any other income you received?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. (B) Student loan interest? (Form 1098-E)
Yes	No	Unsure	Part V – Life Events – Last Year, Did You (or Your Spouse)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (A) Have debt from a mortgage or credit card cancelled/forgiven by a commercial lender? (Forms 1099-C, 1099-A)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (A) Buy, sell or have a foreclosure of your home? (Form 1099-A)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) Live in an area that was affected by a natural disaster? If yes, where? _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (A) Receive the First Time Homebuyers Credit in 2008?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much? _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?

**Check appropriate box for each question in each section**

Yes	No	Unsure	Part VI - Health Care Coverage - Last year, did you, your spouse, or dependent(s)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Have health care coverage?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (B) Receive one or more of these forms? (Check the box) <input type="checkbox"/> Form 1095-B <input type="checkbox"/> Form 1095-C
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (A) Have coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3a. (A) If yes, were advance credit payments made to help you pay your health care premiums?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3b. (A) If yes, Is everyone listed on your Form 1095-A being claimed on this tax return?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Have an exemption granted by the Marketplace?

Visit <http://www.healthcare.gov/> or call 1-800-318-2596 for more information on health insurance options and assistance.

If advance payments of the premium tax credit were paid on your behalf to help pay your health insurance premiums, you should report life changes, such as, income, marital status or family size changes, to your Marketplace. Reporting changes will help to make sure you are getting the proper amount of advance payments.

**To be Completed by a Certified Volunteer Preparer** (Use Publication 4012 and check the appropriate box(es) indicating Minimum Essential Coverage (MEC) for everyone listed on the return.)

Name (List dependents in the same order as in Part II)	MEC Entire Year	No MEC	Part Year MEC (mark months with coverage)	Exemption (mark months exemptions applies)	Exemption All Year	Notes
Taxpayer			J F M A M J J A S O N D	J F M A M J J A S O N D		
Spouse			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		
Dependent			J F M A M J J A S O N D	J F M A M J J A S O N D		

**Part VII – Additional Information and Questions Related to the Preparation of Your Return**

- Presidential Election Campaign Fund (If you check a box, your tax or refund will not change)  
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund  You  Spouse
- If you are due a refund, would you like:
  - Direct deposit  Yes  No
  - To purchase U.S. Savings Bonds  Yes  No
  - To split your refund between different accounts  Yes  No
- If you have a balance due, would you like to make a payment directly from your bank account?  Yes  No

Many free tax preparation sites operate by receiving grant money. The data from the following questions may be used by this site to apply for these grants. Your answers will be used only for statistical purposes.

- Other than English, what language is spoken in your home? **NONE**  Prefer not to answer
- Do you or any member of your household have a disability?  Yes  No  Prefer not to answer
- Are you or your spouse a Veteran from the U.S. Armed Forces?  Yes  No  Prefer not to answer
- Provide your Email address (this email address will not be used for contacts from the Internal Revenue Service) \_\_\_\_\_

Additional comments

\_\_\_\_\_

\_\_\_\_\_

**Part VIII – IRS-Certified Volunteer Quality Reviewer Section**

**Review the tax return with the taxpayer to ensure:**

- Taxpayer (and Spouse's) identity was verified with a photo ID.
- The volunteer return preparer/quality reviewer are certified to prepare/review this return and return is within scope of the program.
- All questions in Parts I through VI have been answered.
- All unsure boxes were discussed with the taxpayer and correctly marked yes or no.
- The information on pages one through three was correctly addressed and entered on the return.
- Names, SSNs, ITINs, and EINs, were verified and correctly transferred to the return.
- Filing status was verified and correct.
- Personal and Dependency Exemptions are entered correctly on the return.
- All Income (including income with or without source documents) checked "yes" in Part III was correctly transferred to the tax return.
- Adjustments to income, such as student loan interest, IRA contributions, self employment tax, were verified and are correct.
- Standard, Additional or Itemized Deductions are correct.
- All credits are correctly reported.
- All applicable provisions of ACA were considered for each person named on the tax return and were entered correctly.
- Any Shared Responsibility Payments are correct.
- Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
- Direct Deposit/Debit and checking/saving account numbers are correct.
- SIDN is correct on the return.
- The taxpayer(s) was advised that they are responsible for the information on their return.

Certified Volunteer Preparer's name/initials *(optional)*

Certified Volunteer Quality Reviewer's name/initials *(optional)*

Additional Tax Preparer notes

**Privacy Act and Paperwork Reduction Act Notice**

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

Our legal right to ask for information is 5 U.S.C. 301. We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers. Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or suggestion on making this process simpler, please write to the Internal Revenue Service, Tax Products Coordinating Committee, SE-W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224

		a Employee's social security number <b>208-00-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile					
b Employer identification number (EIN) <b>37-500XXXX</b>				1 Wages, tips, other compensation <b>40,000.00</b>		2 Federal income tax withheld <b>2,300.00</b>									
c Employer's name, address, and ZIP code  <b>PACE CONSTRUCTION 3604 FORREST TRAIL YOUR CITY, STATE ZIP</b>				3 Social security wages <b>42,000.00</b>		4 Social security tax withheld <b>2,604.00</b>									
				5 Medicare wages and tips <b>42,000.00</b>		6 Medicare tax withheld <b>609.00</b>									
				7 Social security tips		8 Allocated tips									
d Control number				9		10 Dependent care benefits									
e Employee's first name and initial Last name Suff.  <b>JUSTIN REEDLEY 847 MESA AVE YOUR CITY, STATE ZIP</b>				11 Nonqualified plans		12a See instructions for box 12 <b>D 2,000.00</b>									
				13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b <b>DD 4,758.00</b>									
				14 Other		12c									
						12d									
f Employee's address and ZIP code				15 State Employer's state ID number <b>YS 37-500XXXX</b>		16 State wages, tips, etc. <b>40,000.00</b>		17 State income tax <b>2,400.00</b>		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

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

**2016**

Department of the Treasury—Internal Revenue Service

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

CORRECTED (if checked)

RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.  <b>FIRST MORTGAGE COMPANY 9800 STONEHILL WAY YOUR CITY, STATE ZIP</b>		*Caution: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.		OMB No. 1545-0901  <b>2016</b>  (Rev. June 2016)  Form <b>1098</b>		<b>Mortgage Interest Statement</b>	
1 Mortgage interest received from payer(s)/borrower(s) <b>\$ 6,552.00</b>		2 Outstanding mortgage principal as of 1/1/2016 <b>\$ 120,000.00</b>		3 Mortgage origination date <b>12/5/2015</b>			
RECIPIENT'S/LENDER'S federal identification number <b>37-600XXXX</b>	PAYER'S/BORROWER'S taxpayer identification no. <b>208-00-XXXX</b>	4 Refund of overpaid interest <b>\$</b>		5 Mortgage insurance premiums <b>\$ 600.00</b>		<p style="text-align: center;"><b>Copy B For Payer/ Borrower</b></p> <p>The information in boxes 1 through 9 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points, reported in boxes 1 and 6; or because you didn't report the refund of interest (box 4); or because you claimed a non-deductible item.</p>	
PAYER'S/BORROWER'S name <b>JUSTIN REEDLEY</b>		6 Points paid on purchase of principal residence <b>\$</b>		7 Is address of property securing mortgage same as PAYER'S/BORROWER'S address? If Yes, box is checked . . . . . <input checked="" type="checkbox"/> If No, see box 8 or 9, below			
Street address (including apt. no.) <b>847 MESA AVE</b>		8 Address of property securing mortgage		9 If property securing mortgage has no address, below is the description of the property			
City or town, state or province, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		10 Other <b>REAL ESTATE TAX: \$1,954</b>					
Account number (see instructions)							

Form **1098** (Keep for your records) [www.irs.gov/form1098](http://www.irs.gov/form1098) Department of the Treasury - Internal Revenue Service

CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number <b>YUMA COLLEGE 10 COLLEGE AVE YOUR CITY, STATE ZIP</b>		1 Payments received for qualified tuition and related expenses <b>\$ 11,800.00</b>	OMB No. 1545-1574 <b>2016</b> Form <b>1098-T</b>	<b>Tuition Statement</b>
FILER'S federal identification no. <b>37-700XXXX</b>	STUDENT'S taxpayer identification no. <b>209-00-XXXX</b>	2 Amounts billed for qualified tuition and related expenses <b>\$</b>	3 If this box is checked, your educational institution has changed its reporting method for 2016 <input type="checkbox"/>	
STUDENT'S name <b>SIERRA REEDLEY</b>		4 Adjustments made for a prior year <b>\$</b>	5 Scholarships or grants <b>\$ 10,000.00</b>	<b>Copy B For Student</b>  This is important tax information and is being furnished to the Internal Revenue Service. This form must be used to complete Form 8863 to claim education credits. Give it to the tax preparer or use it to prepare the tax return.
Street address (including apt. no.) <b>847 MESA AVE</b>		6 Adjustments to scholarships or grants for a prior year <b>\$</b>	7 Checked if the amount in box 1 or 2 includes amounts for an academic period beginning January – March 2017 <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		8 Check if at least half-time student <input checked="" type="checkbox"/>	9 Checked if a graduate student <input type="checkbox"/>	
Service Provider/Acct. No. (see instr.)		10 Ins. contract reimb./refund <b>\$</b>		
Form <b>1098-T</b> (keep for your records)		www.irs.gov/form1098t Department of the Treasury - Internal Revenue Service		



## Yuma College

### Statement of Account

December 31, 2016

Sierra Reedley

Student ID 209-00-XXXX

Date	Transaction	Amount Billed	Amount Paid
08/30/2016	Tuition – Fall Semester 2016	+\$11,800.00	
08/30/2016	Room & Board – Fall Semester 2016	+\$ 3,200.00	
08/30/2016	Scholarship		-\$10,000.00
08/30/2016	Student loan		-\$ 5,500.00
09/02/2016	Campus Bookstore charge to student account	+\$ 1,000.00	
09/03/2016	Payment – check #1234		-\$ 500.00

12/31/2016 Account Balance.....\$0.00

CORRECTED (if checked)

RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number <b>FINANCIAL AID PARTNERS 666 LINCOLN YOUR CITY, STATE ZIP</b>		OMB No. 1545-1576 <b>2016</b> Form <b>1098-E</b>	<b>Student Loan Interest Statement</b>
RECIPIENT'S federal identification no. <b>38-900XXXX</b>	BORROWER'S social security number <b>208-00-XXXX</b>	<b>1</b> Student loan interest received by lender \$ <b>700.00</b>	
BORROWER'S name <b>JUSTIN REEDLEY</b> Street address (including apt. no.) <b>847 MESA AVE</b> City or town, state or province, country, and ZIP or foreign postal code <b>YOUR CITY, STATE ZIP</b>		<b>2</b> If checked, box 1 does <b>not</b> include loan origination fees and/or capitalized interest for loans made before September 1, 2004 <input type="checkbox"/>	<b>Copy B For Borrower</b> This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for student loan interest.
Account number (see instructions)			

Form **1098-E** (keep for your records) [www.irs.gov/form1098e](http://www.irs.gov/form1098e) Department of the Treasury - Internal Revenue Service

## Basic Scenario 9: Test Questions

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26. What is the total of Justin's itemized deductions on Schedule A, line 29?
- a. \$10,692
  - b. \$12,406
  - c. \$12,646
  - d. \$13,246
27. Can Justin claim Head of Household filing status?
- a. Yes, because Justin is considered unmarried, has a qualifying person and meets all the other required tests.
  - b. Yes, anyone who pays all the costs of keeping up their home can claim Head of Household filing status.
  - c. No, because Sierra did not live at home the whole year.
  - d. No, because Justin is married.
28. To compute the American opportunity credit, which of Sierra's following expenses qualify?
- a. Tuition and fees paid by the scholarship
  - b. Room and board
  - c. Course-related books
  - d. All of the above
29. What is Justin's retirement savings contributions credit? \$\_\_\_\_\_
30. What is the amount of Justin's student loan interest deduction from Form 1040, page 1? \$\_\_\_\_\_.



## Basic Course Retest Questions

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### Directions

The first six scenarios do not require you to prepare a tax return. **Read the interview notes for each scenario carefully and use your training and resource materials to answer the questions after the scenarios.**

### Basic Scenario 1: Calvin Albright

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#### Interview Notes

- Calvin is 22 years old, single, and a U.S. citizen with a valid Social Security number.
- On Calvin's Intake and Interview sheet, he answered "Unsure" to the question, "Can anyone claim you or your spouse on their tax return?"
- During the interview with Calvin, you determine the following facts:
  - Calvin was a full-time student during 2016.
  - He earned \$7,000 in wages and had interest income of \$10 from a savings account.
  - He lived with his parents all year, but they told him they will not claim him on their 2016 return. Calvin's parents are required to file a return.
  - Calvin does not provide more than half of his own support.

### Basic Scenario 1: Retest Questions

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1. Which of the following statements is correct?
  - a. Calvin must claim 0 exemptions, because his income is less than \$10,000.
  - b. Calvin must claim 0 exemptions, because his parents can claim him as a dependent on their tax return.
  - c. Calvin can claim 1 exemption, because he had earned income.
  - d. Calvin can claim 1 exemption, because his parents have decided not to claim him.
  
2. Using Publication 4012, Who Must File tab, Chart B, is Calvin required to file a tax return?
  - a. Yes
  - b. No

## Basic Scenario 2: Dana Glendale

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### Interview Notes

- Dana is 32, unmarried, and earned \$40,000 in wages.
- Dana's 67-year-old single father, Tom, lives in his own apartment in Seattle.
- Dana provided more than half of her father's support and all the cost of keeping up her father's home.
- Tom's only income was \$6,800 in Social Security benefits.
- None of Tom's Social Security income is taxable, and he is not required to file a tax return.
- Dana had qualified employee health insurance coverage for all of 2016. Tom had Medicare Parts A and B coverage all year.
- Dana and Tom are U.S. citizens and have valid Social Security numbers.

## Basic Scenario 2: Retest Questions

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3. Dana's most advantageous allowable filing status is Single.
  - a. True
  - b. False
4. Who has health insurance coverage that qualifies as minimum essential coverage?
  - a. Only Dana
  - b. Only Tom
  - c. Both Dana and Tom
  - d. Neither Dana nor Tom

## Basic Scenario 3: Julia Hillsdale

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### Interview Notes

- Julia is 46 and made \$32,000 in wages in 2016. She is single and pays all the cost of keeping up her home.
- Julia's daughter, Beth, lived with Julia all year.
- Beth is 27, single, and had no income in 2016. She is not disabled.
- Beth's baby, Piper, was born in November 2015. Piper lived in Julia's home since birth.
- Julia provides more than half of the support for both Beth and Piper.
- Julia, Beth, and Piper are all U.S. citizens with valid Social Security numbers.

## Basic Scenario 3: Retest Questions

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5. Julia can claim Piper as a dependent.
  - a. True
  - b. False
6. Julia has no qualifying children for the earned income credit.
  - a. True
  - b. False

## Basic Scenario 4: Everett and Catherine Brescia

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### Interview Notes

- Everett and Catherine lived in the U.S. all year and have Individual Taxpayer Identification Numbers (ITINs). They are not U.S. citizens and are not lawfully present in the U.S.
- Everett, age 24, and Catherine, age 22, are married and want to file a joint return.
- They have one child, Emory, who is 3 years old and lived with them all year.
- Everett earned \$32,000 in wages. They had no other income.
- Everett and Catherine provided all the support for Emory.
- Emory has a Social Security number and is a U.S. citizen.
- Everett and Catherine did not have any health insurance in 2016. Emory had minimum essential coverage (MEC) all year.

### Basic Scenario 4: Retest Questions

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7. Review Publication 4012, ACA tab, the Coverage Exemptions chart. Because they did not have health insurance, Everett and Catherine must make a shared responsibility payment.
  - a. True
  - b. False
8. Everett and Catherine are **not eligible** to claim the earned income credit.
  - a. True
  - b. False
9. Everett and Catherine may claim Emory as a dependent and as a qualifying child for the child tax credit on their return.
  - a. True
  - b. False

## Basic Scenario 5: Ed Bard and Kara Crowder

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### Interview Notes

- Ed and Kara, both 24 years old, are not married. They lived together all year.
- Kara had \$5,000 in earned income during 2016. Ed earned \$30,000 in wages.
- Ed has two children from a previous relationship; Jason is 5 years old, and Trevor is 3.
- Jason and Trevor lived with Ed and Kara for all of 2016.
- Jason and Trevor did not provide over half of their own support.
- Ed paid all the rent, utilities, groceries, and other household expenses. Kara paid none of the household expenses.
- Ed, Kara, Jason, and Trevor are all U.S. citizens with valid Social Security numbers.

## Basic Scenario 5: Retest Questions

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10. Ed and Kara can both file as Head of Household on their individual returns.
  - a. True
  - b. False
11. Who qualifies to claim earned income credit?
  - a. Only Ed
  - b. Only Kara
  - c. Both Ed and Kara
  - d. Neither Ed nor Kara

## Basic Scenario 6: Linda Findlay

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### Interview Notes

- Linda is married but did not live with or have contact with her spouse this tax year. She does not know where he is. She indicated on her intake sheet that she is not legally separated.
- Linda does not have children or any other dependents.
- Linda worked as a clerk and earned \$47,000 in wages. She had no other income.
- In 2016, she took a computer class at the community college to improve her job skills.
- She has a student account statement showing she paid \$900 for tuition.
- She paid \$300 for a course book that she ordered from an online bookseller. Purchase of the book was not a requirement of enrollment.
- She also paid \$50 for a parking permit that was not a requirement of enrollment.
- Linda does not have enough deductions to itemize.
- Linda is a U.S. citizen with a valid Social Security number.

## Basic Scenario 6: Retest Questions

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12. Linda's filing status is Single.
  - a. True
  - b. False
13. Linda is eligible to claim the lifetime learning credit.
  - a. True
  - b. False

## Basic Scenario 7: Retest Questions

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### Directions

Read the scenario information for Gordon Ferris and Ellen Mercer beginning on page 31.

14. Because Gordon has an Identity Protection PIN, Gordon and Ellen must file a paper return.
  - a. True
  - b. False
  
15. The \$9 of savings account interest is required to be included on the return even though no Form 1099-INT was issued.
  - a. True
  - b. False
  
16. The taxable amount of Gordon's Social Security income is \$7,402.
  - a. True
  - b. False
  
17. Gordon is over 65. Therefore, what is the amount of their standard deduction?
  - a. \$15,100
  - b. \$13,850
  - c. \$12,600
  - d. \$9,300
  
18. Gordon and Ellen want to avoid having a balance due next year. Which of the following can they do?
  - a. They can make estimated tax payments.
  - b. Gordon can submit Form W-4P to have taxes withheld from his pension.
  - c. Ellen can submit Form W-4 to have additional tax withheld from her pay.
  - d. All of the above
  
19. Is there a shared responsibility payment on Gordon and Ellen's Form 1040, page 2?
  - a. Yes
  - b. No

## Basic Scenario 8: Retest Questions

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### Directions

Read the information for Valerie Sinclair beginning on page 40.

20. Is Head of Household the most advantageous allowable filing status Valerie can use?
  - a. Yes
  - b. No
  
21. Valerie can claim Ethan as a qualifying child for the earned income credit.
  - a. True
  - b. False
  
22. What is the total federal income tax withholding on Valerie's tax return?
  - a. \$3,120
  - b. \$2,820
  - c. \$2,600
  - d. \$2,300
  
23. What is Valerie's credit for child and dependent care expenses shown in the tax and credits section of her tax return? \$\_\_\_\_\_.
  
24. Valerie and Patrick qualify for the short coverage gap exemption.
  - a. True
  - b. False
  
25. Valerie must pay a 10% additional tax on the distribution from her 401(k) because she is under 59 1/2 years old and does not qualify for an exception.
  - a. True
  - b. False

## Basic Scenario 9: Retest Questions

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### Directions

Read the information for Justin Reedley, beginning on page 49.

- 26.** Justin's total for itemized deductions on Schedule A, line 29 is \$12,646.
- a. True
  - b. False
- 27.** Justin must file Married Filing Separately.
- a. True
  - b. False
- 28.** Room and board costs are qualifying expenses for the American opportunity credit.
- a. True
  - b. False
- 29.** The amount of Justin's retirement savings contributions credit shown in the tax and credits section on page 2 of Form 1040 is \$400.
- a. True
  - b. False
- 30.** Justin's student loan interest deduction from Form 1040, page 1 is \$700.
- a. True
  - b. False