Basic Course Scenarios and Test Questions

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: Jeff and Linda Arnold

Interview Notes

• Jeff and Linda got married in December of 2018.
• They are both U.S. citizens with valid Social Security numbers.
• They do not elect to file a joint return for 2018.
• Jeff worked all year and received wages of $32,000. He received full health insurance coverage from his employer all year.
• Linda worked part-time at a book store January through September. She earned $9,000 for the year. In November, she started working at the library. She had health insurance through her employers, except for the month of October when she was unemployed.

Basic Scenario 1: Test Questions

1. Jeff may need to make a shared responsibility payment.
   a. True
   b. False

2. Linda does not need to make a shared responsibility payment because she qualifies for an exemption under the short coverage gap criteria.
   a. True
   b. False
Basic Scenario 2: Ava Harvard

Interview Notes

- Ava is 43, divorced, and earned $38,000 in wages.
- Ava’s 20-year-old son, David, is unmarried and a full-time student working towards a degree in Business Administration. David lives on campus during the school year and spent the summer at home with his mother.
- David does not have a felony drug conviction.
- Ava paid $4,000 of David’s tuition that was not covered by his scholarship.
- Ava provided more than half of her son’s support and all the cost of his room and board on campus.
- David’s only income was $3,800 in wages.
- Ava and David are U.S. citizens and have valid Social Security numbers.

Basic Scenario 2: Test Questions

3. Ava cannot claim her son for the earned income credit because he did not live with her for more than half the year and does not meet the residency test.
   a. True, David only lived with his mother during the summer, which was less than six months.
   b. False, attendance at school is considered a temporary absence and this time is counted as time that her child lived with her.

4. David is Ava’s qualifying person for which of the following? (Select all that apply)
   a. Head of Household filing status
   b. Credit for other dependents
   c. Education credit
   d. Child tax credit
Basic Scenario 3: Ellen Santos

Interview Notes

- Ellen is 62. During the interview, she mentions that she always filed a joint return with her husband who died in 2014.
- Ellen has not remarried and she pays all the cost of keeping up her home. She earned $28,500 in wages for 2018.
- Ellen provides all the support for her two grandchildren who lived with her all year. Tricia is 12 years old and Evan is 16 years old.
- She does not have enough deductions to itemize.
- Her income tax before credits is $1,050.
- Ellen, Tricia, and Evan are all U.S. citizens with valid Social Security numbers.

Basic Scenario 3: Test Questions

5. What is the amount of Ellen’s standard deduction?
   a. $24,000
   b. $19,600
   c. $18,000
   d. $12,000

6. The maximum amount of additional child tax credit that Ellen is able to claim per qualifying child is:
   a. $500
   b. $1,000
   c. $1,400
   d. $2,000
Basic Scenario 4: Christopher and Amanda Drury

Interview Notes

- Christopher and his wife Amanda have lived in the United States since 2012 and have Individual Taxpayer Identification Numbers (ITINs).
- Christopher is 45 and Amanda is 40. They have been married since 2000. They both worked in 2018 and their combined wages for the year were $40,000.
- They have one child, Jennifer, who is 3 years old and lived with them all year. Jennifer is a U.S. citizen and has a valid Social Security number.
- In order for them to work, they paid $5,000 in daycare for Jennifer. The statement from the daycare provider includes the provider’s name, address, valid Employer Identification Number, and the amount paid for Jennifer’s care.
- Christopher and Amanda provided all the support for Jennifer and all the costs of keeping up their home.

Basic Scenario 4: Test Questions

7. Can Christopher and Amanda claim Jennifer as a qualifying child for the earned income credit (EIC)?
   a. Yes, because their income is below the threshold for claiming EIC.
   b. Yes, because Jennifer is 3 years old and lives with her parents.
   c. No, because Christopher and Amanda both have ITINs.
   d. Both a and b.

8. Which credits can Christopher and Amanda claim on their tax return?
   a. Child and dependent care credit
   b. Child tax credit
   c. Credit for other dependents
   d. Both a and b
Basic Scenario 5: Mathew Rice and Ashley Tufts

Interview Notes

- Mathew and Ashley are both 28 years old.
- Mathew and Ashley are not married to each other and lived together all year. Mathew has never been married. Ashley is still legally married to another man, but she does not want to file a joint return with her spouse.
- Ashley earned $27,000 in wages during 2018. Mathew received $13,000 in wages.
- Mathew has two children from a previous relationship. Mark is 9 and Kevin is 6 years old. Mark and Kevin lived with Mathew and Ashley for all of 2018. Mark and Kevin did not provide over half of their own support.
- Ashley paid all the rent, utilities, and household expenses. Mathew did not pay any household expenses.
- Mathew, Ashley, Mark, and Kevin are all U.S. citizens with valid Social Security numbers.

Basic Scenario 5: Test Questions

9. Which of the following statements is true?
   a. Both Ashley and Mathew’s filing status is Single.
   b. Ashley is eligible to claim Head of Household and Mathew must file Single.
   c. Ashley's filing status is Married Filing Separately and Mathew's filing status is Single.
   d. Ashley's filing status is Married Filing Separately and Mathew's filing status is Head of Household.

10. Who can claim Mark and Kevin as qualifying children for earned income credit?
    a. Ashley
    b. Mathew
    c. Both Mathew and Ashley
Basic Scenario 6: George and Helen Reed

Interview Notes

- George and Helen have an 18-year-old son, Joshua, who lived with them all year and is a college student.
- George and Helen provided all the support for Joshua and all the costs of keeping up their home.
- Joshua worked during the year and received wages of $2,000. He had $140 of federal withholding.
- The Reeds have a balance due on their return and are unsure what to do.
- George, Helen, and Joshua are U.S. citizens with valid Social Security numbers.

Basic Scenario 6: Test Questions

11. What actions should George and Helen take to prevent having a balance due next year?
   a. They should use the withholding calculator.
   b. They should adjust their Form W-4 to increase withholding.
   c. There is no way to prevent a balance due.
   d. Both a and b.

12. What options do George and Helen have if they are not able to full pay their balance due by the due date of the return?
   a. Wait to file their return until they have the money to pay the full amount owed.
   c. Pay as much as they can by the due date of the return and request a payment plan.
   d. Both a and c.

13. George and Helen ask if their son Joshua should file a tax return for 2018. How should the volunteer respond?
   a. Joshua is exempt from filing because he is a student.
   b. Joshua does not have to file because he is their dependent and they can claim his income on their tax return.
   d. Joshua should file a tax return to claim a refund of his withholding.
Basic Scenario 7: Jacob and Martha Mills

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

- Jacob and Martha are age 65 years old and married. They elect to file Married Filing Jointly.
- They have a son, Daniel, who is 23 years old and a full-time college student in his third year of study. He is pursuing a degree in Business Administration and does not have a felony drug conviction.
- Jacob retired in 2018.
- Jacob received interest, Social Security benefits, and pension income. He went to the local casino and won some money in 2018. During the interview he mentions that he had gambling losses of $700.
- Martha received Social Security benefits and received wages from a part-time job.
- Jacob and Martha elected to have their 2017 refund of $400 applied as an estimated tax payment to their 2018 tax return.
- Jacob and Martha do not have enough deductions to itemize.
- Daniel received a scholarship and the terms require that it be used to pay tuition. Jacob and Martha paid the cost of Daniel’s tuition and books in 2018 not covered by scholarship. They also provided all of his support for 2018.
- Jacob and Martha were covered by Medicare Parts A and B for the whole year.
- Daniel had minimum essential healthcare coverage through his University health plan.
- If Jacob and Martha receive a refund, they would like to deposit half into their checking account and half into their savings account. Documents from their bank show that the routing number for both accounts is: 111000025. Their checking account number is 987654321 and their savings account number is 234567890.
Basic Scenarios

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Form 13614-C
(October 2018)

Department of the Treasury - Internal Revenue Service

Intake/Interview & Quality Review Sheet

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.

Part 1 – 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 M.I. Last name
   JACOB MILLS

2. Your spouse’s first name M.I. Last name
   MARTHA MILLS

3. Mailing address
   5001 LAUREL ST
   Apt #
   YOUR CITY

4. Your Date of Birth
   09/21/1953

   Your job title
   RETIRED

5. Last year, were you:
   a. Full-time student
   b. Totally and permanently disabled
   c. Legally blind

6. Your spouse’s Date of Birth
   03/03/1953

   Your spouse’s job title
   CASHIER

7. Last year, was your spouse:
   a. Full-time student
   b. Totally and permanently disabled
   c. Legally blind

8. Can anyone claim you or your spouse as a dependent?
   Yes ☒ No ☐ Unsure

9. Have you, your spouse, or dependents been a victim of a tax related identity theft or been issued an Identity Protection PIN?
   Yes ☒ No ☐

Part II – Marital Status and Household Information

1. As of December 31, 2018, what was your marital status?
   ☒ Married
   (This includes registered domestic partnerships, civil unions, or other formal relationships under state law)

   a. If Yes, Did you get married in 2018?
      ☒ Yes ☐ No

   b. Did you live with your spouse during any part of the last six months of 2018?
      ☒ Yes ☐ No

   Date of final decree

   Date of separate maintenance agreement

   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

   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, 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 12/31/18 (yes/no)
   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 $4,150 of income (yes/no)?
   Did the taxpayer(s) provide more than 50% of support for this person (yes/no)?
   Did the taxpayer(s) pay more than half the cost of maintaining a home for this person (yes/no)?

   To be completed by a Certified Volunteer Preparer

   (a)
   (b)
   (c)
   (d)
   (e)
   (f)
   (g)
   (h)
   (i)

   DANIEL MILLS 01/17/1995 SON 12 YES YES S YES NO

   Yes ☒ No ☐
### Part III - Income - Last Year, Did You (or Your Spouse) Receive

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
<th>1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year?</th>
</tr>
</thead>
<tbody>
<tr>
<td>✗</td>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

2. (A) Tip Income?

3. (B) Scholarships? (Forms W-2, 1099-T)

4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)

5. (B) Refund of state/local income taxes? (Form 1099-G)

6. (B) Alimony income or separate maintenance payments?

7. (A) Self-Employment income? (Form 1099-MISC, cash)

8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?

9. (A) Income (or loss) from the sale of Stocks, Bonds or Real Estate? (including your home) (Forms 1099-S, 1099-B)

10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)

11. (A) Retirement income or payments from Pensions. Annuities, and or IRA? (Form 1099-R)

12. (B) Unemployment Compensation? (Form 1099-G)

13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)

14. (M) Income (or loss) from Rental Property?

15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, royalties, foreign income, etc.) Specify Form W-2G

### Part IV - Expenses - Last Year, Did You (or Your Spouse) Pay

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
<th>1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Yes No</td>
</tr>
</tbody>
</table>

2. Contributions to a retirement account? IRA (A) 401K (B) Roth IRA (B) Other

3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)

4. (A) Deductions: Medical & Dental (including insurance premiums) Mortgage Interest (Form 1098)

5. Taxes (State, Real Estate, Personal Property, Sales) Charitable Contributions

6. (B) Child or dependent care expenses such as daycare?

7. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?

8. (A) Expenses related to self-employment income or any other income you received?

9. (B) Student loan interest? (Form 1098-E)

### Part V - Life Events - Last Year, Did You (or Your Spouse)

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
<th>1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>2. (A) Have credit card or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3. (A) Adopt a child?</td>
</tr>
</tbody>
</table>

4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? If yes, for which tax year?

5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)

6. (B) Live in an area that was declared a Federal disaster area? If yes, where?

7. (A) Receive the First Time Homebuyers Credit in 2009?

8. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much? $400

9. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?

10. Receive a letter from the IRS?
Check appropriate box for each question in each section.

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

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.)

<table>
<thead>
<tr>
<th>Name</th>
<th>MEC All Year</th>
<th>No MEC</th>
<th>Months with MEC</th>
<th>Months with Exemption</th>
<th>Exempt All Year</th>
<th>Notes</th>
</tr>
</thead>
</table>

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

1. Provide an email address (optional) (this email address will not be used for contacts from the Internal Revenue Service)
2. 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
3. If you are due a refund, would you like:
   - a. Direct deposit ☑ Yes ☐ No
   - b. To purchase U.S. Savings Bonds ☐ Yes ☑ No
   - c. To split your refund between different accounts ☑ Yes ☐ No
4. 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.

5. Would you say you can carry on a conversation in English, both understanding & speaking? ☑ Very well ☐ Well ☐ Not well ☐ Not at all ☐ Prefer not to answer
6. Would you say you can read a newspaper or book in English? ☑ Very well ☐ Well ☐ Not well ☐ Not at all ☐ Prefer not to answer
7. Do you or any member of your household have a disability? ☑ Yes ☐ No ☐ Prefer not to answer
8. Are you or your spouse a Veteran from the U.S. Armed Forces? ☑ Yes ☐ No ☐ Prefer not to answer

Additional comments

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, SEW/CAR/M.P.T.T.S.P., 1111 Constitution Ave. NW, Washington, DC 20224.

Catalog Number 52121E  www.irs.gov  Form 13614-C (Rev. 10-2016)
Basic Scenarios

<table>
<thead>
<tr>
<th>a. Employee's social security number</th>
<th>132-00-XXXX</th>
<th>1. Wages, tips, other compensation</th>
<th>7,500.00</th>
<th>2. Federal income tax withheld</th>
<th>750.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>b. Employer Identification number (EIN)</td>
<td>35-500XXXXX</td>
<td>3. Social security wages</td>
<td>7,500.00</td>
<td>4. Social security tax withheld</td>
<td>465.00</td>
</tr>
<tr>
<td>c. Employer's name, address, and ZIP code</td>
<td>RICH'S BOOK STORE</td>
<td>5. Medicare wages and tips</td>
<td>7,800.00</td>
<td>6. Medicare tax withheld</td>
<td>108.76</td>
</tr>
<tr>
<td></td>
<td>1225 OVERVIEW AVE</td>
<td>7. Social security tips</td>
<td>8. Allocated tips</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>YOUR CITY, STATE ZIP</td>
<td>9. Verification code</td>
<td>10. Dependent care benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Control number</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Employee's first name and initial</td>
<td>MARTHA MILLS</td>
<td>11. Nonqualified plans</td>
<td>12. See instructions for box 12</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5001 LAUREL ST</td>
<td>13. Retirement plans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>YOUR CITY, STATE ZIP</td>
<td>14. Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>15. Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Employee's address and ZIP code</td>
<td></td>
<td>16. State wages, tips, etc.</td>
<td>7,500.00</td>
<td>17. State income tax</td>
<td>350.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Form W-2 Wage and Tax Statement** 2018

Department of the Treasury—Internal Revenue Service

**CORRECTED** (if checked)

<table>
<thead>
<tr>
<th>PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code</th>
<th>1. Gross distribution</th>
<th>$20,000.00</th>
<th>OMB No. 1545-0119</th>
</tr>
</thead>
<tbody>
<tr>
<td>GILMER CORP</td>
<td>2250 DELTA AVE</td>
<td>2.a. Taxable amount</td>
<td>$20,000.00</td>
</tr>
<tr>
<td>YOUR CITY, STATE ZIP</td>
<td></td>
<td>2b. Taxable amount not determined</td>
<td></td>
</tr>
</tbody>
</table>

**Distributions From Retirement Plans, Insurance Contracts, etc.**

<table>
<thead>
<tr>
<th>PAYER'S TIN</th>
<th>3. Capital gain (included in box 2a)</th>
<th>$2,000.00</th>
<th>Form 1099-R</th>
</tr>
</thead>
<tbody>
<tr>
<td>34-600XXXXX</td>
<td>131-00-XXXXX</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CORRECTED** (if checked)

<table>
<thead>
<tr>
<th>DISTRIBUTIONS FROM RETIREMENT PLANS, INSURANCE CONTRACTS, ETC.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PAYMENT DESCRIPTION</td>
<td>AMOUNT</td>
</tr>
<tr>
<td>2. Withdrawn amount</td>
<td>$0.00</td>
</tr>
<tr>
<td>3. Capital gain</td>
<td>$2,000.00</td>
</tr>
</tbody>
</table>

**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 IRS.

**DRAFT AS OF January 17, 2018**

**DO NOT FILE**
<table>
<thead>
<tr>
<th>Box 1. Name</th>
<th>JACOB MILLS</th>
<th>Box 2. Beneficiary’s Social Security Number</th>
<th>131-00-XXXX</th>
</tr>
</thead>
</table>

| Box 3. Benefits Paid in 2018 | $16,000.00 |
| Box 4. Benefits Repaid to SSA in 2018 | $16,000.00 |
| Box 5. Net Benefits for 2018 (Box 3 minus Box 4) | $0 |

**Description of Amount in Box 3**

- **Paid by check or direct deposit:** $14,692
- **Medicare Part B premiums deducted from your benefits:** $1,308
- **Medicare Prescription Drug premiums (Part D) deducted from your benefits:** $0

**Description of Amount in Box 4**

- **Box 6. Voluntary Federal Income Tax Withholding:** $1,500.00

**Total Additions:**

**Benefits for 2018:** $16,000

---

**FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT**

<table>
<thead>
<tr>
<th>Box 1. Name</th>
<th>MARTHA MILLS</th>
<th>Box 2. Beneficiary’s Social Security Number</th>
<th>132-00-XXXX</th>
</tr>
</thead>
</table>

| Box 3. Benefits Paid in 2018 | $15,000.00 |
| Box 4. Benefits Repaid to SSA in 2018 | $15,000.00 |
| Box 5. Net Benefits for 2018 (Box 3 minus Box 4) | $0 |

**Description of Amount in Box 3**

- **Paid by check or direct deposit:** $12,188
- **Medicare Part B premiums deducted from your benefits:** $1,312
- **Medicare Prescription Drug premiums (Part D) deducted from your benefits:** $0

**Description of Amount in Box 4**

- **Box 6. Voluntary Federal Income Tax Withholding:** $1,500.00

**Total Additions:**

**Benefits for 2018:** $15,000

---

Draft as of June 21, 2018 - Subject to Change

Form SSA-1099-SM (6-2018)
### Tuition Statement

**BUCKEYE COLLEGE**

575 COLLEGE BLVD

YOUR CITY, STATE ZIP

<table>
<thead>
<tr>
<th>Payments received for qualified tuition and related expenses</th>
<th>$ 7,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Form 1098-T</td>
</tr>
</tbody>
</table>

**Name:**

**Address:**

**City or town:**

**State or province:**

**ZIP or foreign postal code:**

<table>
<thead>
<tr>
<th>If this box is checked, your educational institution changed its reporting method for 2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjustments made for a prior year</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scholarships or grants for a prior year</th>
<th>$ 5,500.00</th>
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</thead>
<tbody>
<tr>
<td>5</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjustments to scholarships or grants for an academic period beginning January — March 2019</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Checked if the amount in box 1 includes amounts for an academic period beginning January — March 2019</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Check if at least half-time student</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Check if a graduate student</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ins. contract reimbursement</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

---

**College Books**

580 College Blvd

Your City, State ZIP

---

**Receipt:**

3 Textbooks: $500

---

**Payment for books is also on the college website.**
Basic Scenario 7: Test Questions

14. What is the amount of gambling winnings claimed on Jacob’s and Martha’s 2018 tax return?
   a. $0
   b. $1,300
   c. $2,000
   d. $2,500

15. Jacob and Martha can claim $2,000 of qualified education expenses to calculate Daniel’s American opportunity credit.
   a. True
   b. False

16. How much of Martha and Jacob’s Social Security is taxable?
   a. $0
   b. $6,851
   c. $7,169
   d. $26,350

17. The amount of Martha and Jacob’s standard deduction is $________.

18. Which of the following items are included in the total payments on Jacob and Martha’s tax return?
   a. Federal income tax withheld from Forms W-2 and 1099
   b. $400 applied from 2017 return
   c. Refundable credits
   d. All of the above

19. What form must be used to split Jacob and Martha’s refund?
   a. Form 8888, Allocation of Refund (Including Savings Bond Purchases)
   b. Form 8880, Credit for Qualified Retirement Savings Contributions
   c. Form 8862, Information To Claim Earned Income Credit After Disallowance
   d. There is no form. A refund can’t be split.
Basic Scenario 8: Emily Clark

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**

- Emily is single and has two young girls, Sara and Madison, who lived with her all year.
- Emily paid more than half of the support for her daughters and all the cost of keeping up the home.
- Emily was unemployed for two months (March and April). She cashed in her 401(k) savings and used the money to pay household expenses.
- Emily is paying off a student loan that she took out when she attended college for a few courses in 2015.
- She took some courses this year at Drew Community College to improve her job skills as a health aide.
- Emily and her two daughters, Sara and Madison, had qualified health insurance from her employers for 10 months out of the year. They did not have coverage in March and April.
**Basic Scenarios**

- 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.

Volunteers are trained to provide high quality service and uphold the highest ethical standards.

**Intake/Interview & Quality Review Sheet**

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

<table>
<thead>
<tr>
<th>Your first name</th>
<th>M.I.</th>
<th>Last name</th>
<th>Daytime telephone number</th>
<th>Are you a U.S. citizen?</th>
<th>Your spouse’s first name</th>
<th>M.I.</th>
<th>Last name</th>
<th>Daytime telephone number</th>
<th>Is your spouse a U.S. citizen?</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMILY</td>
<td></td>
<td>CLARK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Mailing address

<table>
<thead>
<tr>
<th>APT #</th>
<th>City</th>
<th>State</th>
<th>ZIP code</th>
</tr>
</thead>
<tbody>
<tr>
<td>129 PENNINGTON PLACE</td>
<td>YOUR CITY</td>
<td>YES</td>
<td>YOUR ZIP</td>
</tr>
</tbody>
</table>

4. Your Date of Birth

04/29/1978

5. Your job title

MED ASSISTANT

6. Last year, were you:
   a. Full-time student
   b. Totally and permanently disabled
   c. Legally blind

7. Your spouse’s Date of Birth

8. Your spouse’s job title

9. Last year, was your spouse:
   a. Full-time student
   b. Totally and permanently disabled
   c. Legally blind

10. Can anyone claim you or your spouse as a dependent?
    □ Yes   □ No   □ Unsure

11. Have you, your spouse, or dependents been a victim of tax related identity theft or been issued an Identity Protection PIN?
    □ Yes   □ No

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

1. As of December 31, 2018, what was your marital status?
   □ Never Married
   □ Married
   □ Divorced
   □ Legally Separated
   □ Widowed

   (This includes registered domestic partnerships, civil unions, or other formal relationships under state law)

   a. If Yes, Did you get married in 2018?
   b. Did you live with your spouse during any part of the last six months of 2018?

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

   | Name (first, last) | 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 12/31/18 (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 this person’s support? (yes/no) | Did this person have less than $4,150 of income? (yes/no) | Did the taxpayer(s) provide more than 50% of support for this person? (yes/no or No) | Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no) |
|-------------------|-------------------------|-------------------------------------------------|---------------------------------------------|---------------------|--------------------------------------------------|--------------------------------------|-----------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| SARA CLARK        | 05/06/10                | DAUGHTER                                        | 12                                          | YES                 | YES                                              | S                                    | NO                          |                                |                                |                                |                                |                                |                                |                                |
| MADISON CLARK     | 07/31/12                | DAUGHTER                                        | 12                                          | YES                 | YES                                              | S                                    | NO                          |                                |                                |                                |                                |                                |                                |                                |

---

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

To be completed by a Certified Volunteer Preparer
<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
<th><strong>Part III – Income – Last Year, Did You (or Your Spouse) Receive</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>☒</td>
<td></td>
<td></td>
<td>1. (B) Wages or Salary? (Form W-2)</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>2. (A) Tip Income?</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>3. (B) Scholarships? (Forms W-2, 1098-T)</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>5. (B) Refund of state/local income taxes? (Form 1099-G)</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>6. (B) Alimony income or separate maintenance payments?</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>7. (A) Self-Employment income? (Form 1099-MISC, cash)</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>9. (A) Income (or loss) from the sale of Stocks, Bonds or Real Estate? (including your home) (Forms 1099-S, 1099-B)</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>11. (A) Retirement income or payments from Pensions, Annuities, and/or IRA? (Form 1099-R)</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>12. (B) Unemployment Compensation? (Form 1099G)</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>14. (M) Income (or loss) from Rental Property?</td>
</tr>
<tr>
<td></td>
<td>☒</td>
<td></td>
<td>15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, royalties, foreign income, etc.) Specify</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
<th><strong>Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>1. (B) Alimony or separate maintenance payments?</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>2. Contributions to a retirement account? ☐ IRA (A) ☐ 401K (B) ☐ Roth IRA (B) ☐ Other</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>4. (A) Deductions: ☐ Medical &amp; Dental (including insurance premiums) ☐ Mortgage Interest (Form 1098)</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>☐ Taxes (State, Real Estate, Personal Property, Sales) ☐ Charitable Contributions</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>5. (B) Child or dependent care expenses such as daycare?</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>7. (A) Expenses related to self-employment income or any other income you received?</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>8. (B) Student loan interest? (Form 1098-E)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
<th><strong>Part V – Life Events – Last Year, Did You (or Your Spouse)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>2. (A) Have credit card or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>3. (A) Adopt a child?</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? If yes, for which tax year?</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>6. (B) Live in an area that was declared a Federal disaster area? If yes, where?</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>7. (A) Receive the First Time Homebuyers Credit in 2009?</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>8. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much?</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>9. (A) File a federal return last year containing a &quot;capital loss carryover&quot; on Form 1040 Schedule D?</td>
</tr>
<tr>
<td>☒</td>
<td>☒</td>
<td></td>
<td>10. Receive a letter from the IRS?</td>
</tr>
</tbody>
</table>
Check appropriate box for each question in each section

Yes ☒ No ☐ Unsure ☐
1. (B) Have health care coverage?
2. (B) Receive one or more of these forms? (Check the box) ☐ Form 1095-B ☐ Form 1095-C
3. (A) Have coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
   3a. (A) If yes, were advance credit payments made to help you pay your health care premiums?
   3b. (A) If yes, is everyone listed on your Form 1095-A being claimed on this tax return?
4. (B) Have an exemption granted by the Marketplace?

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.)

<table>
<thead>
<tr>
<th>Name</th>
<th>MEC All Year</th>
<th>No MEC</th>
<th>Months with MEC</th>
<th>Months with Exemption</th>
<th>Exempt All Year</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxpayer</td>
<td>JFMAMJASOND</td>
<td>JFMAMJASOND</td>
<td>JFMAMJASOND</td>
<td>JFMAMJASOND</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spouse</td>
<td>JFMAMJASOND</td>
<td>JFMAMJASOND</td>
<td>JFMAMJASOND</td>
<td>JFMAMJASOND</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependent</td>
<td>JFMAMJASOND</td>
<td>JFMAMJASOND</td>
<td>JFMAMJASOND</td>
<td>JFMAMJASOND</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependent</td>
<td>JFMAMJASOND</td>
<td>JFMAMJASOND</td>
<td>JFMAMJASOND</td>
<td>JFMAMJASOND</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

1. Provide an email address (optional) (this email address will not be used for contacts from the Internal Revenue Service)

2. 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

3. If you are due a refund, would you like:
   a. Direct deposit ☒ Yes ☐ No
   b. To purchase U.S. Savings Bonds ☒ Yes ☐ No
   c. To split your refund between different accounts ☒ Yes ☐ No

4. 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.

5. Would you say you can carry on a conversation in English, both understanding & speaking? ☒ Very well ☐ Well ☐ Not well ☐ Not at all ☐ Prefer not to answer

6. Would you say you can read a newspaper or book in English? ☒ Very well ☐ Well ☐ Not well ☐ Not at all ☐ Prefer not to answer

7. Do you or any member of your household have a disability? ☒ Yes ☐ No ☐ Prefer not to answer

8. Are you or your spouse a Veteran from the U.S. Armed Forces? ☒ Yes ☐ No ☐ Prefer not to answer

Additional comments

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 MPT TISP, 1111 Constitution Ave, NW, Washington, DC 20224.
### Basic Scenarios

**Form W-2 Wage and Tax Statement 2018**

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

---

**SALEM RETIREMENT HOME**

1270 WEST 29TH STREET

YOUR CITY, STATE ZIP

**EMILY CLARK**

129 PENNINGTON PLACE

YOUR CITY, STATE ZIP

---

**DAVIDSON INC.**

4325 NORTHRIDGE AVE

YOUR CITY, STATE ZIP

---

### W-2 Wage and Tax Statement

- **Employee's social security number:** 259-00-XXXX
- **Employer identification number (EIN):** 39-700XXXX
- **Employee's name, address, and ZIP code:**
  - SALEM RETIREMENT HOME
  - 1270 WEST 29TH STREET
  - YOUR CITY, STATE ZIP
  - EMILY CLARK
  - 129 PENNINGTON PLACE
  - YOUR CITY, STATE ZIP
- **Wages, tips, other compensation:**
  - 33,000.00
- **Federal income tax withheld:**
  - 2,600.00
- **Social security wages:**
  - 33,000.00
- **Social security tax withheld:**
  - 2,046.00
- **Medicare wages and tips:**
  - 33,000.00
- **Medicare tax withheld:**
  - 479.60
- **Social security tips:**
- **Allocated tips:**

### Form W-2 Wage and Tax Statement

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

---

**Employee's social security number:** 259-00-XXXX

- **Employer identification number (EIN):** 39-700XXXX
- **Employee's name, address, and ZIP code:**
  - DAVIDSON INC.
  - 4325 NORTHRIDGE AVE
  - YOUR CITY, STATE ZIP
  - EMILY CLARK
  - 129 PENNINGTON PLACE
  - YOUR CITY, STATE ZIP
- **Wages, tips, other compensation:**
  - 3,500.00
- **Federal income tax withheld:**
  - 360.00
- **Social security wages:**
  - 3,500.00
- **Social security tax withheld:**
  - 217.00
- **Medicare wages and tips:**
  - 3,500.00
- **Medicare tax withheld:**
  - 50.75
- **Social security tips:**
- **Allocated tips:**

### Form W-2 Wage and Tax Statement

Copy B—To BeFiled With Employee’s FEDERAL Tax Return. This information is being furnished to the Internal Revenue Service.
River's Child Care
303 Twiggs Trail
Your City, Your State  Your Zip
(555) 555-1234

December 31, 2018

Received from Emily Clark:

$1,500 for after-school care for Sara Clark
$1,500 for after-school care for Madison Clark

$3,000 Total amount received for child care in 2018

Ellen River
EIN: 35-900XXXX

Emily Clark
129 Pennington Place
Your City, State 00000

PAY TO THE ORDER OF $  

DOLLARS

Adelphi Bank and Trust
Anytown, State 00000

:111000025 : 123456789 1234
Basic Scenario 8: Test Questions

20. Does Emily have to pay a shared responsibility payment on her tax return?
   a. Yes, she did not have full health coverage for 12 months of the year.
   b. No, she can claim a short coverage gap exemption on her tax return.

21. The amount of Emily’s education credit claimed on her tax return is $_______.

22. Emily’s total federal income tax withheld is $_______.

23. What is the total credit amount shown on Form 2441, Child and Dependent Care Expenses?
   a. $0
   b. $600
   c. $660
   d. $792

24. Emily is eligible to claim the child tax credit on her 2018 tax return.
   a. True
   b. False

25. Emily is subject to the 10% additional tax from her 401(k) distribution.
   a. True
   b. False
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: Jeff and Linda Arnold

Interview Notes

• Jeff and Linda got married in December of 2018.
• They are both U.S. citizens with valid Social Security numbers.
• They do not elect to file a joint return for 2018.
• Jeff worked all year and received wages of $32,000. He received full health insurance coverage from his employer all year.
• Linda worked part-time at a book store January through September. She earned $9,000 for the year. In November, she started working at the library. She had health insurance through her employers, except for the month of October when she was unemployed.

Basic Scenario 1: Retest Questions

1. Jeff does not have to make a shared responsibility payment because he was covered by a health insurance plan through his employer for the full tax year.
   a. True
   b. False

2. Linda must make a shared responsibility payment because she did not have qualified healthcare coverage all year.
   a. True
   b. False
Basic Scenario 2: Ava Harvard

Interview Notes

- Ava is 43, divorced, and earned $38,000 in wages.
- Ava’s 20-year-old son, David, is unmarried and a full-time student working towards a degree in Business Administration. David lives on campus during the school year and spent the summer at home with his mother.
- David does not have a felony drug conviction.
- Ava paid $4,000 of David’s tuition that was not covered by his scholarship.
- Ava provided more than half of her son’s support and all the cost of his room and board on campus.
- David’s only income was $3,800 in wages.
- Ava and David are U.S. citizens and have valid Social Security numbers.

Basic Scenario 2: Retest Questions

3. David is Ava’s qualifying child for the earned income credit.
   a. True
   b. False

4. David is a qualifying person for Ava to claim Head of Household filing status, credit for other dependents and the education credit.
   a. True
   b. False
Interview Notes

- Ellen is 62. During the interview, she mentions that she always filed a joint return with her husband who died in 2014.
- Ellen has not remarried and she pays all the cost of keeping up her home. She earned $28,500 in wages for 2018.
- Ellen provides all the support for her two grandchildren who lived with her all year. Tricia is 12 years old and Evan is 16 years old.
- She does not have enough deductions to itemize.
- Her income tax before credits is $1,050.
- Ellen, Tricia, and Evan are all U.S. citizens with valid Social Security numbers.

Basic Scenario 3: Retest Questions

5. Ellen’s standard deduction is $24,000.
   a. True
   b. False

6. The maximum amount of additional child tax credit Ellen is able to claim per qualifying child is $1,400.
   a. True
   b. False
Basic Scenario 4: Christopher and Amanda Drury

Interview Notes

- Christopher and his wife Amanda have lived in the United States since 2012 and have Individual Taxpayer Identification Numbers (ITINs).
- Christopher is 45 and Amanda is 40. They have been married since 2000. They both worked in 2018 and their combined wages for the year were $40,000.
- They have one child, Jennifer, who is 3 years old and lived with them all year. Jennifer is a U.S. citizen and has a valid Social Security number.
- In order for them to work, they paid $5,000 in daycare for Jennifer. The statement from the daycare provider includes the provider’s name, address, valid Employer Identification Number, and the amount paid for Jennifer’s care.
- Christopher and Amanda provided all the support for Jennifer and all the costs of keeping up their home.

Basic Scenario 4: Retest Questions

7. Christopher and Amanda can claim Jennifer as a qualifying child for the earned income credit (EIC).
   a. True
   b. False

8. Jennifer is a qualifying child for the child tax credit.
   a. True
   b. False
Basic Scenario 5: Mathew Rice and Ashley Tufts

Interview Notes

• Mathew and Ashley are both 28 years old.
• Mathew and Ashley are not married to each other and lived together all year. Mathew has never been married. Ashley is still legally married to another man, but she does not want to file a joint return with her spouse.
• Ashley earned $27,000 in wages during 2018. Mathew received $13,000 in wages.
• Mathew has two children from a previous relationship. Mark is 9 and Kevin is 6 years old. Mark and Kevin lived with Mathew and Ashley for all of 2018. Mark and Kevin did not provide over half of their own support.
• Ashley paid all the rent, utilities, and household expenses. Mathew did not pay any household expenses.
• Mathew, Ashley, Mark, and Kevin are all U.S. citizens with valid Social Security numbers.

Basic Scenario 5: Retest Questions

9. Ashley’s correct filing status is Single.
   a. True
   b. False

10. Mathew can claim Mark and Kevin as qualifying children for the earned income credit.
    a. True
    b. False
Basic Scenario 6: George and Helen Reed

Interview Notes

• George and Helen have an 18-year-old son, Joshua, who lived with them all year and is a college student.
• George and Helen provided all the support for Joshua and all the costs of keeping up their home.
• Joshua worked during the year and received wages of $2,000. He had $140 of federal withholding.
• The Reeds have a balance due on their return and are unsure what to do.
• George, Helen, and Joshua are U.S. citizens with valid Social Security numbers.

Basic Scenario 6: Retest Questions

11. There is nothing George and Helen can do to prevent having a balance due next year.
   a. True
   b. False

12. George and Helen should not file their tax return until they can pay the entire balance due.
   a. True
   b. False

13. Joshua should file a tax return to claim a refund of his withholding.
   a. True
   b. False
Basic Scenario 7: Retest Questions

Directions

Read the scenario information for Jacob and Martha Mills beginning on page 31.

14. Jacob and Martha must report $________ of gambling winnings on their tax return.

15. The amount of Daniel’s qualifying education expenses must be reduced by the scholarship amount shown on Form 1098-T.
   a. True
   b. False

16. The taxable amount of Jacob and Martha’s Social Security income is $26,350.
   a. True
   b. False

17. Jacob and Martha have an increased standard deduction for their filing status because they are both 65 years old.
   a. True
   b. False

18. The total payments reported on Jacob and Martha’s joint tax return is $6,986.
   a. True
   b. False

19. Jacob and Martha must use Form 8888, Allocation of Refund (Including Savings Bond Purchases), to split their refund between their checking and savings accounts.
   a. True
   b. False
Basic Scenario 8: Retest Questions

Directions

Read the information for Emily Clark beginning on page 40.

20. Emily can claim an exemption on her 2018 tax return for not having healthcare coverage for 2 months of the year.
   a. True
   b. False

21. Emily qualifies for the American opportunity credit.
   a. True
   b. False

22. What is the total federal income tax withheld shown on Emily’s tax return?
   a. $2,600
   b. $2,950
   c. $3,170
   d. $3,470

23. What is Emily's total credit amount shown on Form 2441, Child and Dependent Care Expenses? $________.

24. Emily does NOT qualify for the child tax credit.
   a. True
   b. False

25. Emily must pay a 10% additional tax of $________ on her early distribution from her 401(k).