



## Advanced 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.**

### Advanced Scenario 1: Karen White

#### Interview Notes

**Lived apart last six months of the year.**

- Karen's husband, Fred, moved out of their family home in April of 2021. She has not heard from him since. Karen and Fred are not legally separated.
- Karen has two children, Avery, age 12, and George, age 15. She will claim them as her dependents on her 2021 tax return. Karen is 38 years old.
- Karen earned \$28,000 in wages. She also received \$175 of interest and \$12,500 of unemployment income.
- Karen made a cash contribution of \$650 to the Red Cross. She does not have enough deductions to itemize this year.
- Karen paid all the cost to keep up her home and to support Avery and George.
- Karen received her third economic impact payment (EIP3) of \$5,600 based on her 2020 tax return filed jointly with her husband.
- They all are U.S. citizens and have valid social security numbers. Karen, George, and Avery lived in the U.S. all year.

### Advanced Scenario 1: Test Questions

1. What is the most beneficial filing status that Karen is eligible to claim on her 2021 tax return?
  - a. Single
  - b. Married Filing Separately
  - c. Married Filing Jointly
  - d. Head of Household

**B-8**  
**Follow the Decision Tree**
2. Karen's Economic Impact Payment (EIP3) must be included in her total income.
  - a. True
  - b. False

**D-1, table B**

3. What amount may Karen deduct as a charitable contribution when filing her 2021 tax return?
- a. \$650
  - b. \$600
  - c. \$300
  - d. \$0

**See the NOTE at the bottom of E-1**

## Advanced Scenario 2: Paul and Maggie Thomas

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### Interview Notes

**Click here to get to my webpage, "Changes for Tax Year 2021" Read the CTC and Child and Dependent Care Credit sections. All the info you need is there!**

- Paul and Maggie are married and want to file a joint return.
- Maggie is a U.S. citizen and has a valid Social Security number. Paul is a resident alien and has an ITIN. They resided in the United States all year with their children.
- Paul and Maggie have two children, Cheryl, age 4, and Mike, age 15. Cheryl and Mike are U.S. citizens and have valid Social Security numbers.
- Paul earned \$18,000 in wages.
- Maggie earned \$20,000 in wages.
- In order to work, the Thomases paid child and dependent care expenses of \$3,500 for their daughter Cheryl to attend Busy Bee Child Care.
- Paul and Maggie provided all of the support for their two children.
- Paul and Maggie declined to receive advance payments for the Child Tax Credit.

### Advanced Scenario 2: Test Questions

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4. What is the maximum amount Paul and Maggie are eligible to claim for the child tax credit?
  - a. \$3,000
  - b. \$3,600
  - c. \$6,000
  - d. \$6,600
5. How much of the child care expenses can be used to claim the child and dependent care credit?
  - a. \$3,500
  - b. \$3,000
  - c. \$1,500
  - d. \$0

## Advanced Scenario 3: Carol Wheeler

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### Interview Notes

**For this scenario you need to read up on Health Savings Accounts (HSAs). Click here for the HSA training pages from Pub 4491. I've tried every workaround to avoid reading about this... and wasted way more time than if I just bit the bullet and read!**

- Carol Wheeler, age 56, is single.
- Carol earned wages of \$48,000 and was enrolled the entire year in a high deductible health plan (HDHP) with self-only coverage.
- During the year, Carol contributed \$3,000 to her Health Savings Account (HSA) and her cousin also contributed \$1,000 to Carol's HSA account.  
*This means it's an employer contribution.*
- Carol's Form W-2 shows \$600 in [Box 12 with code W](#). She has Form 5498-SA showing \$4,600 in [Box 2](#). *This is a rollover contribution.*
- Carol took a distribution from her HSA to pay her unreimbursed expenses:
  - 2 visits to a physical therapist due to a car accident \$300
  - unreimbursed doctor bills for \$700
  - prescription medicine \$400
  - replacement of a crown \$1,500
  - over the counter sinus medication \$80
  - 10 Zumba classes for \$125 **Nope - not qualified.**
- Carol is a U.S. citizen with a valid Social Security number.

### Advanced Scenario 3: Test Questions

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6. Form 8889, Part 1 is used to report HSA contributions made by \_\_\_\_\_.
  - a. Carol
  - b. Carol's employer
  - c. Carol's cousin
  - d. All the above
7. Carol is eligible to contribute an additional \$\_\_\_\_\_ to her HSA because she is age 55 or older.
8. What is the total unreimbursed qualified medical expenses reported on Form 8889, Part II?
  - a. \$2,600
  - b. \$2,900
  - c. \$2,980
  - d. \$3,105

## Advanced Scenario 4: Barbara Jacobs

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### Interview Notes

- Barbara is age 57 and was widowed in 2021. She owns her own home and provided all the cost of keeping up her home for the entire year. Her only income for 2021 was \$36,000 in W-2 wages.
- Jenny, age 24, and her daughter Marie, age 3, moved in with her mother, Barbara, after she separated from her spouse in April of 2021. Jenny's only income for 2021 was \$15,000 in wages. Jenny provided over half of her own support. Marie did not provide more than half of her own support.
- Jenny will not file a joint return with her spouse. She did not receive advance child tax credit payments for 2021.
- All individuals in the household are U.S. citizens with valid Social Security numbers. No one has a disability. They lived in the United States all year but not in a community property state.

## Advanced Scenario 4: Test Questions

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I got both of these questions wrong, so I'll save you the pain.

#9 is C, #10 is False.

9. For the purpose of determining dependency, Marie meets the conditions to be the qualifying child of \_\_\_\_\_.
- a. Barbara
  - b. Jenny C-1, 2
  - c. Both Barbara and Jenny
  - d. Neither Barbara nor Jenny
10. Jenny is **not** eligible to claim Marie for the earned income credit because her filing status is Married Filing Separate.
- a. True
  - b. False I-2, footnote 4

## Advanced Scenario 5: Michael Block

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### Interview Notes

Very few of our clients will even consider itemizing. However, it's a good idea to familiarize yourself with itemized deductions. You can review pages F-3 to F-11, or click on the link below for a fairly brief but easy-to-read article.

[An Overview of Itemized Deductions](#)

- Michael is 49 years old and files as single.
- His 2021 adjusted gross income (AGI) is \$49,500, which includes gambling winnings of \$1,000.
- Michael would like to itemize his deductions this year.
- Michael brings documentation for the following expenses:
  - \$8,200 Hospital and doctor bills
  - \$700 Contributions to Health Savings Account (HSA)
  - \$2,500 Long Term Care Insurance premiums before age limitation applied
  - \$3,400 State withholding (higher than Michael's calculated state sales tax deduction)
  - \$300 Personal property taxes based on value of vehicle
  - \$400 Friend's personal GoFundMe campaign
  - \$275 Cash contributions to the Red Cross
  - \$100 Fair market value of clothing in good condition donated to the Salvation Army (Michael purchased clothing for \$800)
  - \$7,500 Mortgage interest
  - \$820 Real estate tax
  - \$230 Mortgage Insurance Premiums (PMI) on a home he purchased in 2017.
  - \$150 Homeowners association fees
  - \$2,000 Gambling losses

## Advanced Scenario 5: Test Questions

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11. Michael's mortgage insurance premium of \$230 can be claimed as an itemized deduction on his Schedule A.
  - a. True
  - b. False

F-4, step 10
12. What amount of gambling losses is Michael eligible to claim as a deduction on his Schedule A?
  - a. \$0
  - b. \$500
  - c. \$1,000
  - d. \$2,000

F-11, first gray box

## Advanced Scenario 6: Sean Dennison

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### Interview Notes

- Sean Dennison is 19 years old.
- He is not a full time student. Sean works at a grocery store and earned \$20,000 in wages. He had \$2,400 of withholding.
- He lives with a friend in a rented apartment. They each pay their own expenses. Sean provides all of his own support.
- Sean is a U.S. citizen and lived in the U.S. for the entire year. He has a valid Social Security number.

## Advanced Scenario 6: Test Questions

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13. Sean is **not** required to file a tax return because he has enough tax withholding to cover his tax liability.
- a. True A-1
  - b. False
14. Which of the following is **not** a requirement for Sean to claim the earned income credit as a single person with no qualifying children in 2021?
- a. Sean must have a Social Security number valid for employment.
  - b. Sean must be at least age 25 but under age 65 on December 31. I-2
  - c. Sean's adjusted gross income must be below \$21,430.
  - d. Sean **cannot** be the qualifying child of another taxpayer.

Be sure you are familiar with the changes in the EITC for 2021. See my [Changes for the 2021 Tax Year](#) webpage.

## Advanced Scenario 7: Gilbert and Tara Washington

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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

- Gilbert is an elementary school teacher at a public school. Gilbert and Tara are married and choose to file Married Filing Jointly on their 2021 tax return.
- Gilbert worked a total of 1,280 hours in 2021. During the school year, he spent \$500 on unreimbursed classroom expenses.
- Tara retired in 2018 and began receiving her pension on October 1st of that year. She explains that this is a joint and survivor annuity. She has already recovered \$1,013 of the cost of the plan.
- Gilbert settled with his credit card company on an outstanding bill and brought the Form 1099-C to the site. They aren't sure how it will impact their tax return for tax year 2021. The Washingtons determined that they were solvent as of the date of the canceled debt. **all you have to do is add the 1099-C**
- Tara won \$3,000 gambling at a casino and had additional lottery winnings of \$150. Tara has documented casino losses of \$1,500. **don't forget the \$150 like I did...**
- Their son, Chandler, is in his second year of college pursuing a bachelor's degree in Logistics at a qualified educational institution. He received a scholarship and the terms require that it be used to pay tuition. Box 2 was not filled in and Box 7 was not checked on his Form 1098-T for the previous tax year. The Washingtons provided Form 1098-T and an account statement from the college that included additional expenses. The Washingtons paid \$450 for books required for Chandler's courses. This information is also included on the College statement of account.
- Chandler does not have a felony drug conviction.
- The Washingtons received the third Economic Impact Payment (EIP3) in the amount of \$4,200 in 2021.
- They are all U.S. citizens with valid Social Security numbers.

See "Certain Expenses of Elementary and Secondary School Teachers" on my 2021 Changes webpage.

I found this pension calculation particularly painful. Maybe I was just tired, but the video linked below got me through it. Don't worry about the Death Benefit Exclusion. I still didn't get the right number, but I got a number that made it clear what the answer was.

Video on how to calculate the taxable portion of retirement using the simplified method





**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 1-4 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>GILBERT</b>	M.I.	Last name <b>WASHINGTON</b>	Best contact 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 <b>TARA</b>	M.I.	Last name <b>WASHINGTON</b>	Best contact number	Is your spouse a U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing address <b>123 TAYLOR AVENUE</b>		Apt #	City <b>YOUR CITY</b>	State <b>YS</b>
		ZIP code <b>YOUR ZIP</b>		
4. Your Date of Birth <b>5/05/1964</b>	5. Your job title <b>TEACHER</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		
		c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
7. Your spouse's Date of Birth <b>03/11/1956</b>	8. Your spouse's job title <b>RETIRED</b>		9. Last year, was your spouse:	
		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		
		c. Legally blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
10. Can anyone claim you or your spouse as a dependent? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure				
11. Have you, your spouse, or dependents been a victim of tax related identity theft or been issued an Identity Protection PIN? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
12. Provide an email address (optional) (this email address will not be used for contacts from the Internal Revenue Service)				

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

1. As of December 31, 2021, what was your marital status?  Never Married (This includes registered domestic partnerships, civil unions, or other formal relationships under state law)  Married

a. If Yes, Did you get married in 2021?  Yes  No

b. Did you live with your spouse during any part of the last six months of 2021?  Yes  No

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

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

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

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 12/31/21 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	To be completed by a Certified Volunteer Preparer				
									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,n/a)	Did this person have less than \$4,300 of income? (yes,no,n/a)	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>CHANDLER WASHINGTON</b>	<b>8/06/2002</b>	<b>SON</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) <b>If yes, how many jobs did you have last year?</b> <u>1</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (A) Tip Income?
<input checked="" type="checkbox"/>	<input 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, 1099-NEC, cash, virtual currency, or other property or services)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (A) Cash/check/virtual currency payments, or other property or services 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 or exchange of Stocks, Bonds, Virtual Currency 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) Retirement income or 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 1099G)
<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, virtual currency, Sch K-1, royalties, foreign income, etc.)
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? <b>If yes, do you have the recipient's SSN?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Contributions or repayments to a retirement account? <input type="checkbox"/> IRA (A) <input checked="" type="checkbox"/> 401K (B) <input type="checkbox"/> Roth IRA (B) <input type="checkbox"/> 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. Any of the following? <input type="checkbox"/> (A) Medical & Dental (including insurance premiums) <input type="checkbox"/> (A) Mortgage Interest (Form 1098) <input type="checkbox"/> (A) Taxes (State, Real Estate, Personal Property, Sales) <input type="checkbox"/> (B) Charitable Contributions
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (B) Child or dependent care expenses such as daycare?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. (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"/>	7. (A) Expenses related to self-employment income or any other income you received?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (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. (A) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. (A) Have credit card, student loan or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (A) Adopt a child?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? <b>If yes, for which tax year?</b> _____
<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. (A) Receive the First Time Homebuyers Credit in 2008?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (B) Make estimated tax payments or apply last year's refund to this year's tax? <b>If so how much?</b> _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (A) Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. (B) Receive an Economic Impact Payment (stimulus) in 2021?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. (B) Receive Advanced Child Tax Credit payments?

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

- 1. Would you like to receive written communications from the IRS in a language other than English?  Yes  No If yes, which language? \_\_\_\_\_
- 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
- 5. Did you live in an area that was declared a Federal disaster area?  Yes  No If yes, where? \_\_\_\_\_
- 6. Did you, or your spouse if filing jointly, receive a letter from the IRS?  Yes  No

**Many free tax preparation sites operate by receiving grant money or other federal financial assistance. The data from the following questions may be used by this site to apply for these grants or to support continued receipt of financial funding . Your answer will be used only for statistical purposes. These questions are optional.**

- 7. 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
- 8. Would you say you can read a newspaper or book in English?  Very well  Well  Not well  Not at all  Prefer not to answer
- 9. Do you or any member of your household have a disability?  Yes  No  Prefer not to answer
- 10. Are you or your spouse a Veteran from the U.S. Armed Forces?  Yes  No  Prefer not to answer
- 11. Your race?  
 American Indian or Alaska Native  Asian  Black or African American  Native Hawaiian or other Pacific Islander  White  Prefer not to answer
- 12. Your spouse's race?  
 American Indian or Alaska Native  Asian  Black or African American  Native Hawaiian or other Pacific Islander  White  Prefer not to answer  
 No spouse
- 13. Your ethnicity?  Hispanic or Latino  Not Hispanic or Latino  Prefer not to answer
- 14. Your spouse's ethnicity?  Hispanic or Latino  Not Hispanic or Latino  Prefer not to answer  No spouse

Additional comments

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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>416-00-XXXX</b>		OMB No. 1545-0008		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>35-700XXX</b>		1 Wages, tips, other compensation <b>\$35,502.00</b>		2 Federal income tax withheld <b>\$2,800</b>			
c Employer's name, address, and ZIP code <b>COOLIDGE ELEMENTARY SCHOOL 2565 DEATON STREET YOUR CITY, STATE ZIP</b>		3 Social security wages <b>\$36,502.00</b>		4 Social security tax withheld <b>\$2,263.12</b>			
		5 Medicare wages and tips <b>\$36,502.00</b>		6 Medicare tax withheld <b>\$529.28</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>GILBERT WASHINGTON 123 TAYLOR AVENUE YOUR CITY, YOUR STATE, ZIP</b>		11 Nonqualified plans		12a See instructions for box 12 <b>D</b> <b>\$1,000.00</b>			
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b			
		14 Other		12c			
				12d			
f Employee's address and ZIP code		15 State Employer's state ID number <b>YS</b> <b>35-700XXX</b>		16 State wages, tips, etc. <b>\$35,502.00</b>		17 State income tax <b>\$350.00</b>	
				18 Local wages, tips, etc.		19 Local income tax	
						20 Locality name	

I believe this is the one where the software freaks out because you have to adjust the social security and medicare tax amounts. Just dismiss the warning. If it's not this one, you'll see this later.

Form **W-2** Wage and Tax Statement **2021** 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.

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. <b>OAK ENTERPRISES 2250 DELTA AVENUE YOUR CITY, YOUR STATE, ZIP</b>		1 Gross distribution <b>\$ 18,485.00</b>		OMB No. 1545-0119 <b>2021</b> Form <b>1099-R</b>		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
2a Taxable amount <b>\$</b>		2b Taxable amount not determined <input checked="" type="checkbox"/> Total distribution <input type="checkbox"/>		3 Capital gain (included in box 2a) <b>\$</b>		4 Federal income tax withheld <b>\$ 1,849.00</b>	
PAYER'S TIN <b>41-200XXXX</b>		RECIPIENT'S TIN <b>417-00-XXXX</b>		5 Employee contributions/ Designated Roth contributions or insurance premiums <b>\$</b>		6 Net unrealized appreciation in employer's securities <b>\$</b>	
RECIPIENT'S name <b>TARA WASHINGTON</b>		Street address (including apt. no.) <b>123 TAYLOR AVENUE</b>		7 Distribution code(s) <b>7</b>		8 Other <b>\$</b> %	
City or town, state or province, country, and ZIP or foreign postal code <b>YOUR CITY, YOUR STATE, ZIP</b>		9a Your percentage of total distribution %		9b Total employee contributions <b>\$ 13,500.00</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.  This information is being furnished to the IRS.	
10 Amount allocable to IRR within 5 years <b>\$</b>		11 1st year of desig. Roth contrib.		12 FATCA filing requirement <input type="checkbox"/>		14 State tax withheld <b>\$</b>	
13 Date of payment		15 State/Payer's state no.		16 State distribution <b>\$</b>		17 Local tax withheld <b>\$</b>	
Account number (see instructions)		18 Name of locality		19 Local distribution <b>\$</b>			

Form **1099-R** [www.irs.gov/Form1099R](http://www.irs.gov/Form1099R) Department of the Treasury - Internal Revenue Service

FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT			
2021		• PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. • SEE THE REVERSE FOR MORE INFORMATION.	
Box 1. Name <b>TARA WASHINGTON</b>		Box 2. Beneficiary's Social Security Number <b>417-00-XXXX</b>	
Box 3. Benefits Paid in 2021 <b>\$21,102</b>	Box 4. Benefits Repaid to SSA in 2021	Box 5. Net Benefits for 2021 (Box 3 minus Box 4) <b>\$21,102</b>	
DESCRIPTION OF AMOUNT IN BOX 3  <b>Paid by check or direct deposit: \$17,280</b>  <b>Medicare Part B premiums deducted from your benefits \$1,802</b>  <b>Total additions:</b>  <b>Benefits for 2021: \$21,102</b>		DESCRIPTION OF AMOUNT IN BOX 4  Box 6. Voluntary Federal Income Tax Withholding  <b>\$2,020</b>  Box 7. Address  <b>123 TAYLOR AVENUE YOUR CITY, STATE ZIP</b>  Box 8. Claim Number (Use this number if you need to contact SSA.)	
Draft as of June 21, 2021 - Subject to Change			

Form SSA-1099-SM (6/2020)

**DO NOT RETURN THIS FORM TO SSA OR IRS**

<input type="checkbox"/> CORRECTED (if checked)				
CREDITOR'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.  <b>ADELPHI BANK 1454 SYCAMORE AVENUE YOUR CITY, YOUR STATE, ZIP</b>		1 Date of identifiable event <b>09/03/2021</b>	OMB No. 1545-1424  <div style="font-size: 24pt; font-weight: bold;">2021</div>  Form <b>1099-C</b>	
		2 Amount of debt discharged <b>\$ 750.00</b>		
		3 Interest, if included in box 2 <b>\$</b>		
CREDITOR'S TIN <b>31-700XXXX</b>	DEBTOR'S TIN <b>416-00-XXXX</b>	4 Debt description <b>CREDIT CARD</b>		
DEBTOR'S name <b>GILBERT WASHINGTON</b>  Street address (including apt. no.) <b>123 TAYLOR AVENUE</b>  City or town, state or province, country, and ZIP or foreign postal code <b>YOUR CITY, YOUR STATE, ZIP</b>				
Account number (see instructions)		5 If checked, the debtor was personally liable for repayment of the debt . . . . . <input checked="" type="checkbox"/>	6 Identifiable event code	7 Fair market value of property <b>\$</b>
Form <b>1099-C</b> (keep for your records)		www.irs.gov/Form1099C		Department of the Treasury - Internal Revenue Service

**Cancellation of Debt**

**Copy B For Debtor**

This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported.

CORRECTED (if checked)

PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code		1 Reportable winnings	2 Date won
CHEVY CASINO 1 WINNER CIRCLE YOUR CITY, STATE ZIP		\$ 3,000.00	7/04/2021
		3 Type of wager	4 Federal income tax withheld
		SLOT MACHINE	\$
PAYER'S federal identification number		5 Transaction	6 Race
36-800XXXX	PAYER'S telephone number	7 Winnings from identical wagers	8 Cashier
		\$	AR
WINNER'S name		9 Winner's taxpayer identification no.	10 Window
TARA WASHINGTON		417-00-XXXX	
Street address (including apt. no.)		11 First identification	12 Second identification
123 TAYLOR AVENUE			
City or town, province or state, country, and ZIP or foreign postal code		13 State/Payer's state identification no.	14 State winnings
YOUR CITY, STATE ZIP			\$
		15 State income tax withheld	16 Local winnings
		\$	\$
		17 Local income tax withheld	18 Name of locality
		\$	

OMB No. 1545-0238

**Form W-2G  
Certain  
Gambling  
Winnings**

(Rev. January 2021)  
For calendar year  
20 21

This information  
is being furnished  
to the Internal  
Revenue Service.

**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.

Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.

Signature ►

Date ►

Form **W-2G** (Rev. 1-2021)

www.irs.gov/FormW2G

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		1 Payments received for qualified tuition and related expenses	OMB No. 1545-1574
GORDON COLLEGE 10 COLLEGE AVENUE YOUR CITY, YOUR STATE, ZIP		\$ 5,218.00	2021 Form 1098-T
		2	
FILER'S employer identification no.	STUDENT'S TIN	3	
38-800XXXX	608-00-XXXX		
STUDENT'S name		4 Adjustments made for a prior year	5 Scholarships or grants
CHANDLER WASHINGTON		\$	\$ 2,013.00
Street address (including apt. no.)		6 Adjustments to scholarships or grants for a prior year	7 Checked if the amount in box 1 includes amounts for an academic period beginning January–March 2022 <input type="checkbox"/>
123 TAYLOR AVENUE			
City or town, state or province, country, and ZIP or foreign postal code		\$	
YOUR CITY, YOUR STATE, ZIP			
Service Provider/Acct. No. (see instr.)	8 Checked if at least half-time student <input checked="" type="checkbox"/>	9 Checked if a graduate student <input type="checkbox"/>	10 Ins. contract reimb./refund
			\$

**Tuition  
Statement**

**Copy B  
For Student**

This is important  
tax information  
and is being  
furnished to the  
IRS. 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.

Form **1098-T**

(keep for your records)

www.irs.gov/Form1098T

Department of the Treasury - Internal Revenue Service



# Gordon College

## Statement of Account

December 31, 2021

**CHANDLER WASHINGTON**  
STUDENT ID: 608-00-XXXX

Date	Transaction	Amount Billed	Amount Paid
08/30/2021	Tuition – Fall Semester 2021	<b>+\$5,218.00</b>	
08/30/2021	Scholarship		<b>\$2,013.00</b>
09/03/2021	Parking pass	<b>+\$125.00</b>	
09/04/2021	Campus Bookstore charge to student account for course-related books	<b>+\$450.00</b>	
09/05/2021	Payment – check #4321		<b>-\$3,780.00</b>

A-ha! This is the amount they paid!  
Just subtract the non-QTRE.

12/31/2021 Account Balance.....\$0.00

**Gilbert and Tara Washipon**  
123 TAYLOR AVENUE  
YOUR CITY, STATE, ZIP

1234

20

PAY TO THE  
ORDER OF

\$

DOLLARS

**Adelphi Bank and Trust**  
Anytown, State 00000

For

: 111000025 : 123456789 1234

VOID



## Advanced Scenario 7: Test Questions

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15. What is the taxable portion of Tara's pension from Oak Enterprises using the simplified method?
- a. \$0
  - b. \$17,862 Line 5 on form 1040
  - c. \$18,035
  - d. \$18,485
16. None of Tara's social security income is taxable.
- a. True
  - b. False Line 6 on form 1040
17. What is the total amount of other income reported on the Washington's Form 1040, Schedule 1 ?
- a. \$3,900
  - b. \$3,150 Line 8 on form 1040
  - c. \$2,400
  - d. \$750
18. Gilbert is eligible to deduct \$500 as an adjustment to income on Form 1040, Schedule 1 for qualified educator expenses.
- a. True
  - b. False
19. The Washington's standard deduction on their 2021 tax return is \$ Line 12a on form 1040 \_\_\_\_\_.
20. The total qualified expenses for the American Opportunity Credit are \$ \_\_\_\_\_.
21. Which of the following credits are the Washingtons' eligible to claim on their tax return?
- a. Child tax credit No children under 18
  - b. Credit for other dependents
  - c. Child and dependent care credit
  - d. None of the above
22. What is the Washington's total federal income tax withholding? \$ Line 25d on form 1040 \_\_\_\_\_.

Amount they paid minus  
non-QTR

## Advanced Scenario 8: Cynthia Simon

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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

- Cynthia is an electrician, age 29, and single. See my notes on the broker's statement.
- Cynthia has investment income and has a consolidated broker's statement.
- Cynthia began a cleaning service business in 2020. She was paid on Form 1099-NEC for 2021. She also received additional cash receipts of \$400 not reported on the Form 1099-NEC. be sure to add this to her Schedule C income.
- Cynthia uses the cash method of accounting. She uses business code 561720.
- Cynthia has receipts for the following expenses:
  - \$350 for cleaning supplies
  - \$225 for business cards
  - \$450 for a mop, broom, and vacuum cleaner
  - \$150 for work gloves
  - \$125 for lunches
  - \$175 for work clothes suitable for everyday useYou'll need this code for the bottom of the "Basic Information About Your Business" page of the Schedule C.  
  
Just look around in the Schedule C to find appropriate places to put these. Don't worry that it has to be perfect. But the lunches and work clothes aren't specific to work, so they don't count.
- Cynthia has a detailed mileage log reporting for 2021:
  - Mileage from her home to her first client's home and mileage from her last client's home to her home – 750 miles
  - In addition, on the days Cynthia worked for multiple clients, she kept track of the mileage from the first client's home to the second client's home in case that mileage was also deductible. She logged 450 miles (not included in the 750 miles).
  - The total mileage on her car for tax year 2021 was 11,200 miles. Of that, 10,000 were personal miles. She placed her only vehicle, a pick-up truck, in service on 3/15/2020. Cynthia will take the standard mileage rate.
- Cynthia took an early distribution from her IRA in April to pay off her educational expenses. This is an exception from the 10% early withdrawal penalty. See H-5, number 8.
- Cynthia is paying off her student loan from 2018. You can assume this is from her bachelor's degree.
- Cynthia is working towards her Master of Business Administration (MBA) degree. She took a few college courses this year at an accredited college.

See D-21 for entering Car and Truck Expenses.

Lifetime Learning Credit - you know because she already has her bachelor's.

You can find info about the Premium Tax Credit on pages H-12 to H-14, but it's easy enough to just follow the directions in the software after you answer "yes" to the Health Insurance Questionnaire.

- Cynthia purchased insurance for herself through the marketplace and has a Form 1095-A.
- If Cynthia has a refund, she would like it deposited into her checking account.
- Cynthia received the third Economic Impact Payment (EIP3) in the amount of \$1,400 in 2021.



## 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.

- Please complete pages 1-4 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>CYNTHIA</b>	M.I.	Last name <b>SIMON</b>	Best contact 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	Best contact number	Is your spouse a U.S. citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing address <b>159 ARCHER AVENUE</b>		Apt #	City <b>YOUR CITY</b>	State <b>YS</b>
		ZIP code <b>YOUR ZIP</b>		
4. Your Date of Birth <b>02/24/1992</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		
		b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		c. Legally blind <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		c. Legally blind <input type="checkbox"/> Yes <input type="checkbox"/> No
10. Can anyone claim you or your spouse as a dependent? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure				
11. Have you, your spouse, or dependents been a victim of tax related identity theft or been issued an Identity Protection PIN? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
12. Provide an email address (optional) (this email address will not be used for contacts from the Internal Revenue Service)				

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

1. As of December 31, 2021, what was your marital status?  Never Married (This includes registered domestic partnerships, civil unions, or other formal relationships under state law)

Married a. If Yes, Did you get married in 2021?  Yes  No

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

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

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

b. Did you live with your spouse during any part of the last six months of 2021?  Yes  No

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 12/31/21 (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,n/a)	Did this person have less than \$4,300 of income? (yes,no,n/a)	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)						

## 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) <b>If yes, how many jobs did you have last year?</b> <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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. (A) Self-Employment income? (Form 1099-MISC, 1099-NEC, cash, virtual currency, or other property or services)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. (A) Cash/check/virtual currency payments, or other property or services for any work performed not reported on Forms W-2 or 1099?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. (A) Income (or loss) from the sale or exchange of Stocks, Bonds, Virtual Currency 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) Retirement income or 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 1099G)
<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, virtual currency, Sch K-1, royalties, foreign income, etc.)
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? <b>If yes, do you have the recipient's SSN?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Contributions or repayments to a retirement account? <input type="checkbox"/> IRA (A) <input type="checkbox"/> 401K (B) <input type="checkbox"/> Roth IRA (B) <input type="checkbox"/> 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. Any of the following? <input type="checkbox"/> (A) Medical & Dental (including insurance premiums) <input type="checkbox"/> (A) Mortgage Interest (Form 1098) <input type="checkbox"/> (A) Taxes (State, Real Estate, Personal Property, Sales) <input type="checkbox"/> (B) Charitable Contributions
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. (B) Child or dependent care expenses such as daycare?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. (A) Expenses related to self-employment income or any other income you received?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. (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. (A) 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 credit card, student loan or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (A) Adopt a child?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? <b>If yes, for which tax year?</b> _____
<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. (A) Receive the First Time Homebuyers Credit in 2008?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (B) Make estimated tax payments or apply last year's refund to this year's tax? <b>If so how much?</b> _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. (A) Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. (B) Receive an Economic Impact Payment (stimulus) in 2021?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. (B) Receive Advanced Child Tax Credit payments?

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

- 1. Would you like to receive written communications from the IRS in a language other than English?  Yes  No If yes, which language? \_\_\_\_\_
- 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
- 5. Did you live in an area that was declared a Federal disaster area?  Yes  No If yes, where? \_\_\_\_\_
- 6. Did you, or your spouse if filing jointly, receive a letter from the IRS?  Yes  No

**Many free tax preparation sites operate by receiving grant money or other federal financial assistance. The data from the following questions may be used by this site to apply for these grants or to support continued receipt of financial funding . Your answer will be used only for statistical purposes. These questions are optional.**

- 7. 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
- 8. Would you say you can read a newspaper or book in English?  Very well  Well  Not well  Not at all  Prefer not to answer
- 9. Do you or any member of your household have a disability?  Yes  No  Prefer not to answer
- 10. Are you or your spouse a Veteran from the U.S. Armed Forces?  Yes  No  Prefer not to answer
- 11. Your race?  
 American Indian or Alaska Native  Asian  Black or African American  Native Hawaiian or other Pacific Islander  White  Prefer not to answer
- 12. Your spouse's race?  
 American Indian or Alaska Native  Asian  Black or African American  Native Hawaiian or other Pacific Islander  White  Prefer not to answer  
 No spouse
- 13. Your ethnicity?  Hispanic or Latino  Not Hispanic or Latino  Prefer not to answer
- 14. Your spouse's ethnicity?  Hispanic or Latino  Not Hispanic or Latino  Prefer not to answer  No spouse

Additional comments

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**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

CORRECTED (if checked)


PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. <b>ESSEX BANK, CUSTODIAN FOR TRADITIONAL IRA OF CYNTHIA SIMON 300 MARIN STREET YOUR CITY, YOUR STATE, ZIP</b>		<b>1</b> Gross distribution \$ <b>2,000.00</b>	OMB No. 1545-0119 <b>2021</b> Form <b>1099-R</b>	<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>	
PAYER'S TIN <b>48-200XXXX</b>		RECIPIENT'S TIN <b>419-00-XXXX</b>	<b>2a</b> Taxable amount \$ <b>2,000.00</b>	<b>2b</b> Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>	
RECIPIENT'S name <b>CYNTHIA SIMON</b> Street address (including apt. no.) <b>159 ARCHER AVENUE</b> City or town, state or province, country, and ZIP or foreign postal code <b>YOUR CITY, YOUR STATE, ZIP</b>		<b>3</b> Capital gain (included in box 2a) \$	<b>4</b> Federal income tax withheld \$ <b>200.00</b>		<b>Copy B</b> <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 IRS.
<b>5</b> Employee contributions/ Designated Roth contributions or insurance premiums \$		<b>6</b> Net unrealized appreciation in employer's securities \$	<b>7</b> Distribution code(s) <b>1</b> <input type="checkbox"/> IRA/ SEP/ SIMPLE <input checked="" type="checkbox"/>	<b>8</b> Other \$ %	
<b>10</b> Amount allocable to IRR within 5 years \$	<b>11</b> 1st year of desig. Roth contrib.	<b>12</b> FATCA filing requirement <input type="checkbox"/>	<b>9a</b> Your percentage of total distribution %	<b>9b</b> Total employee contributions \$	<b>16</b> State distribution \$
<b>13</b> Date of payment	<b>14</b> State tax withheld \$	<b>15</b> State/Payer's state no.	<b>17</b> Local tax withheld \$	<b>18</b> Name of locality	<b>19</b> Local distribution \$
Account number (see instructions)					

Form **1099-R**

www.irs.gov/Form1099R

Department of the Treasury - Internal Revenue Service

After you enter this, you'll get a message about the distribution penalty. Select "Retirement Plan" and then read the paragraph at the bottom of the page. It will tell you where to input the exception.

a Employee's social security number <b>419-00-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>57-200XXX</b>		<b>1</b> Wages, tips, other compensation \$ <b>35,000.00</b>		<b>2</b> Federal income tax withheld \$ <b>2,000.00</b>	
c Employer's name, address, and ZIP code <b>ELECTRIC COMPANY 389 DAILY DRIVE YOUR CITY, STATE, ZIP</b>		<b>3</b> Social security wages \$ <b>35,000.00</b>		<b>4</b> Social security tax withheld \$ <b>2,170.00</b>	
		<b>5</b> Medicare wages and tips \$ <b>35,000.00</b>		<b>6</b> Medicare tax withheld \$ <b>507.50</b>	
		<b>7</b> Social security tips		<b>8</b> Allocated tips	
		<b>9</b>		<b>10</b> Dependent care benefits	
d Control number		<b>11</b> Nonqualified plans		<b>12a</b> See instructions for box 12	
e Employee's first name and initial Last name Suff. <b>CYNTHIA SIMON 159 ARCHER AVENUE YOUR CITY, YOUR STATE, ZIP</b>		<b>13</b> Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>		<b>12b</b>	
		<b>14</b> Other		<b>12c</b>	
				<b>12d</b>	
f Employee's address and ZIP code					
<b>15</b> State Employer's state ID number <b>YS 57-200XXX</b>	<b>16</b> State wages, tips, etc. \$ <b>35,000.00</b>	<b>17</b> State income tax \$ <b>750.00</b>	<b>18</b> Local wages, tips, etc.	<b>19</b> Local income tax	<b>20</b> Locality name

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

**2021**

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>HOUSEKEEPERS HELPERS</b> <b>123 TIDY WAY</b> <b>YOUR CITY, YOUR STATE, ZIP</b>		OMB No. 1545-0116  <b>2021</b>  Form <b>1099-NEC</b>		<b>Nonemployee Compensation</b>	
PAYER'S TIN <b>63-400XXXX</b>	RECIPIENT'S TIN <b>419-00-XXXX</b>	1 Nonemployee compensation \$ <span style="float: right;">4,000</span>		<b>Copy B</b> <b>For Recipient</b> This is important tax information and is being furnished to the IRS. 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.	
RECIPIENT'S name <b>CYNTHIA SIMON</b>		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>			
Street address (including apt. no.) <b>159 ARCHER AVENUE</b>		3 <span style="background-color: #cccccc; display: inline-block; width: 100px; height: 1em;"></span>			
City or town, state or province, country, and ZIP or foreign postal code <b>YOUR CITY, YOUR STATE, ZIP</b>		4 Federal income tax withheld \$			
Account number (see instructions)		5 State tax withheld \$	6 State/Payer's state no.	7 State income \$	
Form <b>1099-NEC</b> (keep for your records)		www.irs.gov/Form1099NEC		Department of the Treasury - Internal Revenue Service	

Once you enter this in the software, agree to carry this income to Schedule C.



**ABC INVESTMENTS**

456 Pima Plaza  
Your City, YS ZIP

**2021 TAX REPORTING STATEMENT**

Cynthia Simon  
159 Archer Avenue  
Your City, YS ZIP  
Account No. 111-222  
Recipient ID No. 419-00-XXXX  
Payer's Fed ID Number: 40-200XXXX

**Form 1099-DIV\* 2021 Dividends and Distributions**

Copy B for Recipient (OMB NO. 1545-0110)

1a	Total Ordinary Dividends	150.00
1b	Qualified Dividends	75.00
2a	Total Capital Gain Distributions (Includes 2b- 2d)	300.00
2b	Capital Gains that represent Unrecaptured 1250 Gain	0.00
2c	Capital Gains that represent Section 1202 Gain	0.00
2d	Capital Gains that represent Collectibles (28%) Gain	0.00
2	Nondividend Distributions	0.00
4	Federal Income Tax Withheld	0.00
5	Investment Expenses	0.00
6	Foreign Country or U.S. Possession	0.00
7	Cash Liquidation Distributions	0.00
8	Non-Cash Liquidation Distributions	0.00
9	Exempt Interest Dividends	0.00
10	Specified Private Activity Bond Interest Dividends	0.00
11	State	
12	State Identification No.	
13	State Tax Withheld	0.00

Put this in as it's own 1099-DIV.  
Super-simple.

**Form 1099-MISC\* 2021 Miscellaneous Income**

Copy B for Recipient (OMB NO. 1545-0115)

2	Royalties	0.00
4	Federal Income Tax Withheld	0.00
8	Substitute Payments in Lieu of Dividends or Interest	0.00
16	State Tax Withheld	0.00
17	State/ Payer's State No.	
18	State Income	0.00

**Form 1099-INT\* 2021 Interest Income**

Copy B for Recipient (OMB NO. 1545-0112)

1	Interest Income	250.00
2	Early Withdrawal Penalty	0.00
3	Interest on U.S. Savings Bonds and Treas. Obligations	0.00
4	Federal Income Tax Withheld	0.00
5	Investment Expenses	0.00
6	Foreign Tax Paid	0.00
7	Foreign Country or U.S. Possession	0.00
8	Tax-Exempt Interest	0.00
9	Specified Private Activity Bond Interest	0.00
14	Tax-Exempt Bond CUSIP No.	

Put this in as it's own 1099-INT.  
Easy Peasy.

**Summary of 2021 Proceeds From Broker and Barter Exchange Transactions**

Sales Price of Stocks, Bonds, etc.	6,150.00
Federal Income Tax Withheld	0.00

Gross Proceeds from each of your security transactions are reported individually to the IRS. Refer to the Form 1099-B section of this statement. Report gross proceeds individually for each security on the appropriate IRS tax return. Do not report gross proceeds in aggregate.

**ABC INVESTMENTS**456 Pima Plaza  
Your City, YS ZIP**2021 TAX REPORTING STATEMENT**Cynthia Simon  
159 Archer Avenue  
Your City, YS ZIP  
Account No. 111-222  
Recipient ID No. 419-00-XXXX  
Payer's Fed ID Number: 40-200XXXX

Yikes, right? No - it's no big deal. See below.

**FORM 1099-B\* 2021 Proceeds from Broker and Barter Exchange Transactions**

Copy B for Recipient OMB NO. 1545-0715

**Short-term transactions for which basis is reported to the IRS**Report on Form 8949 with Box A checked and/or Schedule D, Part I  
(This Label is a Substitute for Boxes 1c & 6)**8** Description, **1d** Stock or Other Symbol, CUSIP

(IRS Form 1099-B box numbers are shown below in bold type)

Action	<b>1b</b> Date Acquired	<b>1c</b> Date sold disposed	<b>1a</b> Quantity Sold	<b>1d</b> Proceeds	<b>1e</b> Cost or Other Basis	Gain / Loss (-)	<b>1g</b> Wash Sale Loss Disallowed	<b>4</b> Federal Income Tax Withheld	<b>14</b> State State	<b>15</b> State Tax Withheld
<b>Iowa Co. Common Stock</b>										
Sale	01/08/2021	10/30/2021	200.000	2,650.00	2,000.00	650.00				
<b>TOTALS</b>				<b>2,650.00</b>	<b>2,000.00</b>					

**FORM 1099-B\* 2021 Proceeds from Broker and Barter Exchange Transactions**

Copy B for Recipient OMB NO. 1545-0715

**Long-term transactions for which basis is not reported to the IRS**Report on Form 8949 with Box E checked and/or Schedule D, Part II  
(This Label is a Substitute for Boxes 1c & 6)**8** Description, **1d** Stock or Other Symbol, CUSIP

(IRS Form 1099-B box numbers are shown below in bold type)

Action	<b>1b</b> Date Acquired	<b>1c</b> Date sold disposed	<b>1a</b> Quantity Sold	<b>1d</b> Proceeds	<b>1e</b> Cost or Other Basis	Gain / Loss (-)	<b>1g</b> Wash Sale Loss Disallowed	<b>4</b> Federal Income Tax Withheld	<b>14</b> State State	<b>15</b> State Tax Withheld
<b>Iowa Co. Common Stock</b>										
Sale	10/12/2008	11/01/2021	200.000	3,500.00	2,100.00	1,400.00				
<b>TOTALS</b>				<b>3,500.00</b>	<b>2,100.00</b>					

Go to Federal &gt; Capital Gains and Losses &gt; Capital Gains and Loss Items

Add a Capital Gains Transaction

Description of property = Iowa Co. common (that's all it will let you put in)

Just follow along, entering date acquired, date sold, sales price, and cost.

You don't need to do anything with the Adjustments.

**Cost basis type:** see just under each 1099-B title. The first one, the basis is reported to the IRS, the second one is not.

VOID  CORRECTED

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</b> <b>305 WASHINGTON DR</b> <b>YOUR CITY, YOUR STATE, ZIP</b>		OMB No. 1545-1576  <b>2021</b>  Form <b>1098-E</b>	<b>Student Loan Interest Statement</b>  <b>Copy C</b> <b>For Recipient</b>  For Privacy Act and Paperwork Reduction Act Notice, see the <b>2021 General Instructions for Certain Information Returns.</b>
RECIPIENT'S TIN <b>38-0800XXXX</b>	BORROWER'S TIN <b>419-00-XXXX</b>	1 Student loan interest received by lender \$ <b>3,570.00</b>	
BORROWER'S name  <b>CYNTHIA SIMON</b>  Street address (including apt. no.) <b>159 ARCHER AVENUE</b>  City or town, state or province, country, and ZIP or foreign postal code <b>YOUR CITY, YOUR STATE, ZIP</b>		<b>E-11</b> <b>Federal &gt; Deductions &gt; Adjustments</b>	
Account number (see instructions)		2 Check if box 1 does <b>not</b> include loan origination fees and/or capitalized interest, and the loan was made before September 1, 2004 <input type="checkbox"/>	

Form **1098-E**

www.irs.gov/Form1098E

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>SUFFOLK COLLEGE</b> <b>10 COLLEGE AVENUE</b> <b>YOUR CITY, YOUR STATE, ZIP</b>		1 Payments received for qualified tuition and related expenses \$ <b>2,000.00</b>	OMB No. 1545-1574  <b>2021</b>  Form <b>1098-T</b>	<b>Tuition Statement</b>  <b>Copy B</b> <b>For Student</b>  This is important tax information and is being furnished to the IRS. 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.
FILER'S employer identification no. <b>37-700XXXX</b>	STUDENT'S TIN <b>419-00-XXXX</b>	2	3	
STUDENT'S name  <b>CYNTHIA SIMON</b>  Street address (including apt. no.) <b>159 ARCHER AVENUE</b>  City or town, state or province, country, and ZIP or foreign postal code <b>YOUR CITY, YOUR STATE, ZIP</b>		4 Adjustments made for a prior year \$	5 Scholarships or grants \$	
Service Provider/Acct. No. (see instr.)		6 Adjustments to scholarships or grants for a prior year \$	7 Checked if the amount in box 1 includes amounts for an academic period beginning January-March 2022 <input type="checkbox"/>	
8 Checked if at least half-time student <input type="checkbox"/>		9 Checked if a graduate student <input checked="" type="checkbox"/>	10 Ins. contract reimb./refund \$	

Form **1098-T**

(keep for your records)

www.irs.gov/Form1098T

Department of the Treasury - Internal Revenue Service

Answer "yes" to the Health Insurance Questionnaire and then follow the instructions!

Form <b>1095-A</b>	<b>Health Insurance Marketplace Statement</b>	<input type="checkbox"/> VOID	OMB No. 1545-2232
Department of the Treasury Internal Revenue Service	▶ Do not attach to your tax return. Keep for your records. ▶ Go to <a href="http://www.irs.gov/Form1095A">www.irs.gov/Form1095A</a> for instructions and the latest information.	<input type="checkbox"/> CORRECTED	2021

**Part I Recipient Information**

1 Marketplace identifier <b>12-3456789</b>	2 Marketplace-assigned policy number <b>987654</b>	3 Policy issuer's name
4 Recipient's name <b>CYNTHIA SIMON</b>	5 Recipient's SSN <b>419-00-XXXX</b>	6 Recipient's date of birth <b>2/24/1992</b>
7 Recipient's spouse's name	8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth
10 Policy start date <b>01/01/2021</b>	11 Policy termination date <b>12/31/2021</b>	12 Street address (including apartment no.) <b>159 ARCHER AVENUE</b>
13 City or town <b>YOUR CITY</b>	14 State or province <b>YOUR STATE</b>	15 Country and ZIP or foreign postal code <b>ZIP</b>

**Part II Covered Individuals**

A. Covered individual name	B. Covered individual SSN	C. Covered individual date of birth	D. Coverage start date	E. Coverage termination date
16 <b>CYNTHIA SIMON</b>	<b>419-00-XXXX</b>	<b>2/24/1992</b>	<b>01/01/2021</b>	<b>12/31/2021</b>
17				
18				
19				
20				

**Part III Coverage Information**

Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
21 January	<b>\$200</b>	<b>\$330</b>	<b>\$150</b>
22 February	<b>\$200</b>	<b>\$330</b>	<b>\$150</b>
23 March	<b>\$200</b>	<b>\$330</b>	<b>\$150</b>
24 April	<b>\$200</b>	<b>\$330</b>	<b>\$150</b>
25 May	<b>\$200</b>	<b>\$330</b>	<b>\$150</b>
26 June	<b>\$200</b>	<b>\$330</b>	<b>\$150</b>
27 July	<b>\$200</b>	<b>\$330</b>	<b>\$150</b>
28 August	<b>\$200</b>	<b>\$330</b>	<b>\$150</b>
29 September	<b>\$200</b>	<b>\$330</b>	<b>\$150</b>
30 October	<b>\$200</b>	<b>\$330</b>	<b>\$150</b>
31 November	<b>\$200</b>	<b>\$330</b>	<b>\$150</b>
32 December	<b>\$200</b>	<b>\$330</b>	<b>\$150</b>
33 Annual Totals	<b>\$2,400</b>	<b>\$3,960</b>	<b>\$1,800</b>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60703Q Form 1095-A (2021)

**Cynthia Simon**  
159 Archer Avenue  
YOUR CITY, STATE ZIP

1234

\_\_\_\_\_ 20 \_\_\_\_\_

PAY TO THE  
ORDER OF \_\_\_\_\_ | \$

\_\_\_\_\_ DOLLARS

**Adelphi Bank and Trust**  
Anytown, State 00000  
For \_\_\_\_\_

: 111000025 : 123456789 1234

VOID

## Advanced Scenario 8: Test Questions

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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.

23. What is the net short term capital gain reported on Cynthia's Schedule D?
- a. \$2,350
  - b. \$1,400 Schedule D, line 7
  - c. \$650
  - d. \$300
24. Which of the following **cannot** be claimed as a business expense on Cynthia's Schedule C?
- a. Cleaning supplies
  - b. Business cards see my note on the first page of this scenario.
  - c. Lunches
  - d. Work gloves
25. What is the amount Cynthia can take as a student loan interest deduction on her Form 1040, Schedule 1? \$  Schedule 1, line 21
26. What is the total amount of advanced premium tax credit that Cynthia received in 2021?
- a. \$3,960 Bottom of form 1095-A
  - b. \$2,400
  - c. \$1,800
  - d. \$150
27. What is the amount of Cynthia's lifetime learning credit? \$  Schedule 3, line 3 .
28. Cynthia will have to pay \$200 additional tax because she received the early distribution from her IRA.
- a. True
  - b. False
29. How can Cynthia prevent having a balance due next year? K-17
- a. She can increase the withholding on her Form W-4
  - b. She can make estimated tax payments
  - c. She can use the IRS withholding calculator to estimate her withholding for next year.
  - d. All of the above

**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**

See the Filing Status Decision Tree, B-8

- Richard is age 39 and was widowed in 2017. He has a daughter, Isabella, age 5.
- Richard provided the entire cost of maintaining the household and over half of the support for Isabella. In order to work, he pays childcare expenses to Busy Bee Daycare.
- Richard declined to receive advance child tax credit payments in 2021.
- Richard's earned income in 2019 was \$19,000.
- Richard and Isabella are U.S. citizens and lived in the United States all year in 2021.
- Richard received the third Economic Impact Payment (EIP3) in the amount of \$2,800 in 2021.



## 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.

- Please complete pages 1-4 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>RICHARD</b>	M.I.	Last name <b>COOK</b>	Best contact 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	Best contact number	Is your spouse a U.S. citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing address <b>195 BROOKS DRIVE</b>		Apt #	City <b>YOUR CITY</b>	State <b>YS</b> ZIP code <b>YOUR ZIP</b>
4. Your Date of Birth <b>4/01/1982</b>	5. Your job title <b>STORE MANAGER</b>		6. Last year, were you:	
		b. Totally and permanently disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		a. Full-time student <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
				c. Legally blind <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:	
		b. Totally and permanently disabled <input type="checkbox"/> Yes <input type="checkbox"/> No		a. Full-time student <input type="checkbox"/> Yes <input type="checkbox"/> No
				c. Legally blind <input type="checkbox"/> Yes <input type="checkbox"/> No
10. Can anyone claim you or your spouse as a dependent? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure				
11. Have you, your spouse, or dependents been a victim of tax related identity theft or been issued an Identity Protection PIN? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
12. Provide an email address (optional) (this email address will not be used for contacts from the Internal Revenue Service)				

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

1. As of December 31, 2021, what was your marital status?     Never Married    (This includes registered domestic partnerships, civil unions, or other formal relationships under state law)

Married    a. If Yes, Did you get married in 2021?     Yes     No

Divorced    b. Did you live with your spouse during any part of the last six months of 2021?     Yes     No

Legally Separated    Date of final decree    \_\_\_\_\_

Widowed    Date of separate maintenance decree    \_\_\_\_\_

Year of spouse's death    **2017**

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 12/31/21 (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,n/a)	Did this person have less than \$4,300 of income? (yes,no,n/a)	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>ISABELLA COOK</b>	<b>9/25/2016</b>	<b>Daughter</b>	<b>12</b>	<b>YES</b>	<b>YES</b>	<b>S</b>	<b>NO</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) <b>If yes, how many jobs did you have last year?</b> <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, 1099-NEC, cash, virtual currency, or other property or services)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (A) Cash/check/virtual currency payments, or other property or services 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 or exchange of Stocks, Bonds, Virtual Currency 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) Retirement income or 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 1099G)
<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, virtual currency, Sch K-1, royalties, foreign income, etc.)
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? <b>If yes, do you have the recipient's SSN?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Contributions or repayments to a retirement account? <input type="checkbox"/> IRA (A) <input checked="" type="checkbox"/> 401K (B) <input type="checkbox"/> Roth IRA (B) <input type="checkbox"/> 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. Any of the following? <input type="checkbox"/> (A) Medical & Dental (including insurance premiums) <input type="checkbox"/> (A) Mortgage Interest (Form 1098) <input type="checkbox"/> (A) Taxes (State, Real Estate, Personal Property, Sales) <input type="checkbox"/> (B) Charitable Contributions
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. (B) Child or dependent care expenses such as daycare?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. (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"/>	7. (A) Expenses related to self-employment income or any other income you received?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (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. (A) 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 credit card, student loan or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. (A) Adopt a child?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? <b>If yes, for which tax year?</b> _____
<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. (A) Receive the First Time Homebuyers Credit in 2008?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. (B) Make estimated tax payments or apply last year's refund to this year's tax? <b>If so how much?</b> _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. (A) Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. (B) Receive an Economic Impact Payment (stimulus) in 2021?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. (B) Receive Advanced Child Tax Credit payments?

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

1. Would you like to receive written communications from the IRS in a language other than English?  Yes  No If yes, which language? \_\_\_\_\_
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
5. Did you live in an area that was declared a Federal disaster area?  Yes  No If yes, where? \_\_\_\_\_
6. Did you, or your spouse if filing jointly, receive a letter from the IRS?  Yes  No

**Many free tax preparation sites operate by receiving grant money or other federal financial assistance. The data from the following questions may be used by this site to apply for these grants or to support continued receipt of financial funding . Your answer will be used only for statistical purposes. These questions are optional.**

7. 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
8. Would you say you can read a newspaper or book in English?  Very well  Well  Not well  Not at all  Prefer not to answer
9. Do you or any member of your household have a disability?  Yes  No  Prefer not to answer
10. Are you or your spouse a Veteran from the U.S. Armed Forces?  Yes  No  Prefer not to answer
11. Your race?  
 American Indian or Alaska Native  Asian  Black or African American  Native Hawaiian or other Pacific Islander  White  Prefer not to answer
12. Your spouse's race?  
 American Indian or Alaska Native  Asian  Black or African American  Native Hawaiian or other Pacific Islander  White  Prefer not to answer  
 No spouse
13. Your ethnicity?  Hispanic or Latino  Not Hispanic or Latino  Prefer not to answer
14. Your spouse's ethnicity?  Hispanic or Latino  Not Hispanic or Latino  Prefer not to answer  No spouse

Additional comments

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**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>328-00-XXXX</b>		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile		
b Employer identification number (EIN) <b>34-800XXXX</b>		1 Wages, tips, other compensation <b>\$41,500.00</b>	2 Federal income tax withheld <b>\$1,850.00</b>			
c Employer's name, address, and ZIP code <b>BAKER PARTS INC. 8009 PIKE CIRCLE YOUR CITY, YOUR STATE, ZIP</b>		3 Social security wages <b>\$42,500.00</b>	4 Social security tax withheld <b>\$2,635.00</b>			
		5 Medicare wages and tips <b>\$42,500.00</b>	6 Medicare tax withheld <b>\$616.25</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>RICHARD COOK 195 BROOKS DRIVE YOUR CITY, YOUR STATE, ZIP</b>		11 Nonqualified plans		12a See instructions for box 12 <b>D \$1,000.00</b>		
		13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>	12b			
		14 Other		12c		
				12d		
f Employee's address and ZIP code						
15 State Employer's state ID number <b>YS 34-800XXXX</b>	16 State wages, tips, etc. <b>\$41,500.00</b>	17 State income tax <b>\$800.00</b>	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

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

**2021**

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.

<input type="checkbox"/> CORRECTED (if checked)		Payer's RTN (optional)		OMB No. 1545-0112		<b>2021</b>	<b>Interest Income</b>
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. <b>PAYER ADELPHI BANK AND TRUST 8020 YONKERS BLVD YOUR CITY, YOUR STATE, ZIP</b>		1 Interest income <b>\$ 100.00</b>		Form <b>1099-INT</b>			
PAYER'S TIN <b>22-7XXXXXX</b>	RECIPIENT'S TIN <b>328-00-XXXX</b>	2 Early withdrawal penalty <b>\$ 20.00</b>		3 Interest on U.S. Savings Bonds and Treas. obligations <b>\$</b>		<b>To be filed with recipient's state income tax return, when required.</b>	
RECIPIENT'S name <b>RICHARD COOK</b> Street address (including apt. no.) <b>195 BROOKS DRIVE</b> City or town, state or province, country, and ZIP or foreign postal code <b>YOUR CITY, YOUR STATE, ZIP</b>		4 Federal income tax withheld <b>\$</b>	5 Investment expenses <b>\$</b>		7 Foreign country or U.S. possession		
		6 Foreign tax paid <b>\$</b>	8 Tax-exempt interest <b>\$</b>		9 Specified private activity bond interest <b>\$</b>		
		10 Market discount <b>\$</b>	11 Bond premium <b>\$</b>				
		12 Bond premium on Treasury obligations <b>\$</b>	13 Bond premium on tax-exempt bond <b>\$</b>				
Account number (see instructions)		14 Tax-exempt and tax credit bond CUSIP no.	15 State	16 State identification no.	17 State tax withheld <b>\$</b>		
					<b>\$</b>		

Form **1099-INT** www.irs.gov/Form1099INT Department of the Treasury - Internal Revenue Service

**Busy Bee Day Care**

303 Twiggs Trail  
Your City, Your State Your Zip  
Ph: (555) 555-1234

December 31, 2021

Received from Richard Cook

\$1,500 for daycare services for Isabella

Total amount received for child care in 2021 - \$1,500

Ellen River

EIN: 35-900XXXX

If you haven't done day care expenses before, just take your time. Read the directions. For additional guidance, see G-12. You don't have to enter anything on the second page.

## Advanced Scenario 9: Test Questions

### 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.

30. What is Richard's most advantageous filing status?

- a. Single
- b. Married Filing Separately **ÓÈ**
- c. Head of Household
- d. Qualifying Widower

31. Richard's adjusted gross income on his Form 1040 is \$\_\_\_\_\_?  
**Q!{ ÁE EÛg ^ÁF**

32. Richard can claim the following credits on his tax return.

- a. Child Tax Credit
  - b. Child and Dependent Care Credit **GÁ[ ~ C^Á[ ó^!^È^ ^Á @B^Á**
  - c. Both a and b **&^ãã Áó^Á } Á@ Áóç al**
  - d. Neither a nor b
- return, page 2.**

33. Richard's Retirement Savings Contributions Credit on Form 8800 is \$\_\_\_\_\_. **Schedule 3, line 4**

34. Richard will use his 2019 earned income rather than his 2021 earned income to calculate the earned income tax credit on his 2021 tax return because his 2019 earned income is higher than his 2021 earned income.

- a. True
- b. False

35. Richard's child and dependent care credit from Form 2441 is reported as a non-refundable credit on Form 1040, Schedule 3.

- a. True
- b. False