

CHAPTER 2**GROSS INCOME AND EXCLUSIONS****Group 1 - Multiple Choice Questions**

- | | | |
|-----------------------------------|-------------------------------------|--------------------------------|
| 1. C (LO 2.1) | 7. A (LO 2.2) | 12. C (LO 2.7) |
| 2. C (LO 2.1) | 8. C $\$120 \times 12$ (LO 2.3) | 13. D (LO 2.7, 2.8, 2.9, 2.10) |
| 3. A (LO 2.1) | 9. E (LO 2.4) | 14. D (LO 2.11) |
| 4. D (LO 2.1) | 10. B $\$97,500/260 = \$375 \times$ | 15. D (LO 2.13) |
| 5. B (LO 2.1) | 4 = \$1,500 (LO 2.5) | 16. A (LO 2.14) |
| 6. C $\$500 \times 20\%$ (LO 2.2) | 11. C (LO 2.6) | 17. E (LO 2.14) |

Group 2 - Problems

1.
 - a. Excluded (LO 2.1)
 - b. Included (LO 2.1)
 - c. Included (LO 2.1)
 - d. Included (LO 2.1)
 - e. Excluded (LO 2.1)
 - f. Included (LO 2.1)
 - g. Included (LO 2.1)
 - h. Excluded (LO 2.1)
 - i. Excluded (LO 2.1)
 - j. Excluded (LO 2.1)
 - k. Included (LO 2.1)
2. The non-cash payment of \$6,000 for services performed is includable income to John. The tax law states that gross income is “all income from whatever source derived.” There is no exception in the law for non-cash items received in exchange for services. (LO 2.1)
3.
 - a. **\$300.** Gross income includes “all income from whatever source derived.” The value of the hair styling is income to Larry for the performance of services. There is no gross income exception in the tax law for “barter” income.
 - b. **\$300.** Gross income includes “all income from whatever source derived.” The value of the tax return is income to Sheila for the performance of services. There is no gross income exception in the tax law for “barter” income. (LO 2.1)
4. Illegal income is still taxable since there is no exception excluding it in the tax code. When there is not an explicit exception, gross income is “all income from whatever source derived.” (LO 2.1)
5. Qualified dividends are taxed at either 0%, 15%, or 20%. The 0% rate applies for taxpayers in the ordinary income tax brackets of 10% and 15%. The 15% rate applies for taxpayers in the ordinary income tax brackets of 25% through 35%. The 20% rate applies for taxpayers in the 39.6% bracket. A 3.8% Medicare surtax on net investment income will be added to the rates for certain high-income taxpayers. (LO 2.2)
6. If no election is made, the interest is not included in income until the I bond is converted to cash by the taxpayer. If the taxpayer makes an election, however, the income which increases the redemption value but is not paid in cash on the I bond each year is included in the taxpayer’s gross income. (LO 2.2)
7. See Schedule B on page 40. (LO 2.2)

8. a. (1) **\$450.**
 (2) **\$450.**
 b. (1) **\$0.**
 (2) **\$425,000.** (LO 2.3)
9. Arlen may deduct the alimony of \$2,000 per month on his tax return. He cannot deduct the child support. Jane must report the alimony as income on her tax return. The child support is not taxable income to her. (LO 2.3)
10. No gain is taxable to Cindy on the transfer of the house since it is part of a property settlement related to a divorce. Allen has a basis of \$90,000 in the house for calculating tax on any future sale of the house. (LO 2.3)
11. a. **\$10,000.**
 b. **\$260.** A non-qualified plan award may only be excluded up to \$400; thus \$260 is taxable.
 c. **\$1,000,000.**
 d. **\$30,000.** (LO 2.4)
12. a. **\$4,000.**
 b. **\$14,500.**
 c. **\$0.** (LO 2.4, 2.8)

13. SIMPLIFIED METHOD WORKSHEET

- | | |
|---|----------------------|
| 1) Enter total amount received this year. | 1) <u>\$ 8,000</u> |
| 2) Enter cost in the plan at the annuity starting date. | 2) <u>\$58,500</u> |
| 3) Age at annuity starting date | |
| <u>Enter</u> | |
| 55 and under 360 | |
| 56–60 310 | |
| 61–65 260 | 3) <u> 260</u> |
| 66–70 210 | |
| 71 and older 160 | |
| 4) Divide line 2 by line 3. | 4) <u>\$ 225</u> |
| 5) Multiply line 4 by the number of monthly payments this year. If the annuity starting date was before 1987, also enter this amount on line 8; and skip lines 6 and 7. Otherwise go to line 6. | 5) <u>\$ 1,800</u> |
| 6) Enter the amount, if any, recovered tax-free in prior years | 6) <u>\$ 0</u> |
| 7) Subtract line 6 from line 2. | 7) <u>\$ 58,500</u> |
| 8) Enter the smaller of line 5 or 7. | 8) <u>\$ 1,800</u> |
| 9) Taxable amount this year: Subtract line 8 from line 1. Do not enter less than zero. | 9) <u>\$ 6,200</u> |
- (LO 2.5)
14. **\$53,000** = \$100,000 – \$35,000 – \$12,000. Since the policy was transferred for valuable consideration, the proceeds are taxable to the extent that they exceed the sum of the cash value at the time of transfer plus the premiums paid. (LO 2.6)
15. **\$900.** A beneficiary, who is a surviving spouse, must include the entire amount of interest received with respect to the policy proceeds in gross income; the \$5,000 principal amount may be excluded from gross income. (LO 2.6)

16. David has received an accelerated death benefit or viatical settlement which is excluded from taxable income. (LO 2.6)
17. None of the payment is taxable. Life insurance proceeds are generally considered to be tax-free and specifically excluded from taxable income. (LO 2.6)
18. **\$6,500.** Inheritances are excluded from taxable income; however, subsequent earnings on inherited property must be included in income. (LO 2.7)
19. \$10,000 is taxable. This gift is clearly bonus income in a business setting so it does not qualify for tax-free gift treatment, even if Gwen's client calls the payment a gift. (LO 2.7)
20. None of the gift is taxable. Gifts are excluded from the taxable income of the person receiving the gift. (LO 2.7)
21. \$8,000 is taxable since there is no exclusion for payments made for room and board. \$12,000 is not taxable, since scholarships for tuition are specifically excluded from taxable income. (LO 2.8)
22. None of the cost of the insurance or amounts paid by the insurance company for surgery or treatment are taxable to Skyler. These amounts are specifically excluded from taxable income under the tax law. (LO 2.9)
23. **\$0.** Taxpayers may exclude the total amount received for payment or reimbursement of medical expenses. Premiums for health insurance paid by the taxpayer's employer are also excluded from the taxpayer's gross income. In addition, the \$1,500 (\$3,500 – \$2,000) not paid by the insurance company is deductible as an itemized deduction on Ellen's return, subject to the medical expense deduction limitations. (LO 2.9)
24.
 - a. No. The meals are furnished by the employer on the business premises of the employer during working hours because the employer limits the employee to short meal periods.
 - b. No. The meals are furnished by the employer on the business premises of the employer during working hours because the taxpayer must be available for emergency calls.
 - c. Yes. The meals are not furnished for the convenience of the employer. (LO 2.10)
25. **6.25%** = $4.5\% \div (100\% - 28\%)$. (LO 2.11)
26. She will likely invest in the tax-free bond. At the 35% tax bracket, the equivalent rate of the tax-free bond is 7.69%, or 5% divided by $(1 - 0.35)$, which is higher than the 7% rate of return of the corporate bond. (LO 2.11)
27. **\$3,250.** Unemployment benefits received are included in gross income. (LO 2.12)
28. **\$4,850** = \$850 + \$4,000. The value of the airline tickets is excluded from gross income under the no-additional-cost services rule for employees and their families. The \$30 of personal typing is excluded under the de minimis fringe benefits rule. The \$850 worth of employee discount coupons for hotel rooms is included in gross income since the hotel division is a different line of business than that in which Linda is employed. The \$4,000 tuition payment must be included in gross income since Richard is working on a graduate degree and not providing teaching or research activities. (LO 2.13)
29. Yes. Tom will be better off reducing his taxable income by \$2,550 by using the medical flexible spending account. Since his income will be \$2,550 less, he will pay less tax than he would otherwise. (LO 2.13)
30. As calculated on the worksheet on page 41. (LO 2.14)

Chapter 2: Problem 7

SCHEDULE B Form 1040A or 1040		Interest and Ordinary Dividends	Use by 10-6-00-1
Department of the Treasury Social Security Administration		Attach to Form 1040A or 1040. For information about Schedule B and its instructions, see www.irs.gov/scheduleb.	2016 Additional Sequences for 08
Charles and Sally Hens		Your serial number	
Part I Interest			
1 List name of payor. If any interest is from a self-inherited mortgage and the interest is on the property with persons' residence, see instructions for back of this form. If interest is on a loan that is not a self-inherited mortgage, address it as "Mortgage."	1	Amount	
2	2	345	
3	3	95	
4	4	95	
Note: If line 4 is over \$1,500, you must complete Part III.		Amount	
Part II Ordinary Dividends			
5 List name of payor.	5	70	
6	6	235	
7	7	300	
8	8	95	
Note: If line 8 is over \$1,500, you must complete Part III.		Amount	
Part III Foreign Accounts and Trusts			
9	9	3	
Note: If line 9 is over \$1,500, you must complete Part III.		Amount	

Group A Problem 30

1. Enter the total amount of social security income	1.	\$7,200
2. Enter one-half of line 1	2.	3,600
3. Enter the total of special interest (line 1) on Form 1040 except social security income	3.	14,400
4. Enter the amount of tax-exempt interest income	4.	30,000
5. Add lines 2, 3, and 4	5.	48,000
6. Enter all adjustments for 2011 except tax-exempt loan interest, the domestic production activities deduction, and the child tax credit exemption	6.	-0-
7. Subtract line 6 from line 5. If zero or less, stop here; none of the special interest is deductible taxable	7.	48,000
8. Enter \$95,000 (\$55,000 if married filing jointly; \$0 if married filing separately and living with spouse at any time during the year)	8.	25,000
9. Subtract line 8 from line 7. If zero or less, enter 0	9.	23,000
Note: If line 9 is zero or less, stop here; none of your benefits are taxable. Otherwise, go to line 10.		
10. Enter \$9,000 (\$18,000 if married filing jointly; \$0 if married filing separately and living with spouse at any time during the year)	10.	9,000
11. Subtract line 10 from line 9. If zero or less, enter 0	11.	14,000
12. Enter the smaller of line 9 or line 10	12.	9,000
13. Enter one-half of line 12	13.	4,500
14. Enter the smaller of line 9 or line 12	14.	9,000
15. Multiply line 13 by 60% (.60). If line 13 is zero, enter 0	15.	11,585
16. Add lines 14 and 15	16.	10,585
17. Multiply line 11 by 63% (.63)	17.	9,120
18. Taxable benefits. Enter the smaller of line 16 or line 17	18.	\$1,120

31. a. **Yes.** Tax-free municipal bond income is added to AGI in the formula to determine the amount of taxable Social Security.
 b. **Zero.** The taxpayer's income is below the threshold amount used in the formula to determine whether Social Security is taxable.
 c. **85%.** High-income taxpayers must include 85% of Social Security receipts in taxable income. (LO 2.14)
32. The blank Alimony Recapture Worksheet is not reprinted here. The purpose of this problem is to familiarize the student with the IRS website.
33. See the answer to Problem 7.

Group 3 - Writing Assignment

Research Solution:

Whittenburg, Gill, and Altus-Buller, CPAs
 San Diego, CA
 August 3, 20xx

Ms. Vanessa Lazo
 1550 Mesa Rosa Drive
 San Diego, CA

Dear Professor Lazo,

Thank you for requesting my advice concerning the tax treatment of your free trip to Costa Rica. I have researched your question and am sorry to say that the free tour is taxable.

The fair market value of the tour must be reported on Form 1040, Line 21 "Other Income." In addition, any expenses that you incurred during the trip cannot be deducted.

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

Sincerely,
 Trevor Malcolm
 for Whittenburg, Gill, and Altus-Buller, CPAs

Group 4 - Comprehensive Problems

1. See pages 43 through 45.
- 2A. See pages 46 through 47.
- 2B. See pages 48 through 49.

Group 5 - Cumulative Software Problem

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

Հայաստանի Հանրապետության Բնակարանային-կոմունալ տնտեսության նախարարության հրավերով

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Complete the Problem 1, 2, and 3.

Form 1040A (2013)		Page 2	
Tax, credits, and payments	<p>22 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p> <p>23a Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p> <p>23b Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p>	60	60
Standard Deduction	<p>24 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p> <p>25 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p>	64	64
Exemptions	<p>26 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p> <p>27 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p>	65	65
Tax credits	<p>28 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p> <p>29 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p>	66	66
Refund	<p>30 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p> <p>31 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p>	67	67
Amount you owe	<p>32 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p> <p>33 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p>	68	68
Third party designee	<p>34 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p> <p>35 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p>	69	69
Sign here	<p>36 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p> <p>37 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p>	70	70
Preparer use only	<p>38 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p> <p>39 Enter the amount you withheld (add any other income tax withheld) <input type="checkbox"/> You withheld more than you owe. <input type="checkbox"/> Enter the amount you owe. <input type="checkbox"/> Enter the amount you owe.</p>	71	71

Form 1040A (2013)

Complete the following, using:

Qualified Dividends and Capital Gain Tax Worksheet—Line 28

Keep for Your Records



Before you begin: If the amount you do not have to file Form 8040 (and the instructions for Form 1040A, line 10).

1. Enter the amount from Form 1040A, line 27	1.	34,844
2. Enter the amount from Form 1040A, line 9b	2.	30
3. Enter the amount from Form 1040A, line 10	3.	0
4. Add lines 2 and 3	4.	30
5. Subtract line 4 from line 1. If zero or less, enter -0-	5.	34,814
6. Enter the smaller of:	6.	34,814
a. The amount on line 5, or		
b. 25% of single or married filing separately, 15% if married filing jointly or qualifying widow(er), or 10% if head of household.		
7. Enter the smaller of line 5 or line 6	7.	34,814
8. Subtract line 7 from line 6. This amount is taxed at 0%	8.	0
9. Enter the smaller of line 7 or line 4	9.	30
10. Enter the amount from line 9	10.	30
11. Subtract line 10 from line 9	11.	0
12. Multiply line 11 by 15% (0.15)	12.	0
13. Use the Tax Table to figure the tax on the amount on line 5. Enter the tax here	13.	4,238
14. Add lines 12 and 13	14.	4,238
15. Use the Tax Table to figure the tax on the amount on line 8. Enter the tax here	15.	4,311
16. Tax on all taxable income. Enter the smaller of line 14 or line 15 here and on Form 1040A, line 28	16.	4,311

* Note: This worksheet does not apply for high-income taxpayers under the ACA or ATFA provisions (see 2013-18).

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Form 1040		Department of the Treasury Internal Revenue Service		2016		OMB No. 1545-0047 See instructions for details and how to file.	
Print your name and date		Last name		First name		Social Security number	
Your address and state		City		State		Zip	
Marital status, spouse's name and date of birth		Married		Single		Divorced	
Home address (number and street) (Do not use P.O. box, apartment, or other mailing address.)		1313 Quince Avenue		City		State	
Mailing address (number and street) (Do not use P.O. box, apartment, or other mailing address.)		1313 Quince Avenue		City		State	
Foreign country (if any)		Foreign country (if any)		Foreign country (if any)		Foreign country (if any)	
Filing Status		1 <input type="checkbox"/> Single		2 <input type="checkbox"/> Married filing jointly		3 <input type="checkbox"/> Married filing separately	
Check only one box		4 <input type="checkbox"/> Head of household		5 <input type="checkbox"/> Qualifying widow(er)		6 <input type="checkbox"/> Dependent	
Exemptions		7 <input type="checkbox"/> Yourself		8 <input type="checkbox"/> Spouse		9 <input type="checkbox"/> Child	
If more than four dependents, see instructions and attach Form 1040-SS		10 <input type="checkbox"/> Dependent		11 <input type="checkbox"/> Dependent		12 <input type="checkbox"/> Dependent	
Income		13 <input type="checkbox"/> Taxable income		14 <input type="checkbox"/> Taxable income		15 <input type="checkbox"/> Taxable income	
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* Comprehensive, Up-to-date, by Scott

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Key Number Tax Return Summary**Chapter 2****Comprehensive Problem 1**

Adjusted Gross Income (Line 21)	<u>55,544</u>
Taxable Income (Line 27)	<u>34,924</u>
Total Tax (Line 38)	<u>4,256</u>
Amount Overpaid (Line 47)	<u>504</u>

Comprehensive Problem 24

Adjusted Gross Income (Line 37)	<u>61,755</u>
Taxable Income (Line 43)	<u>40,709</u>
Total Tax (Line 63)	<u>9,108</u>
Amount Overpaid (Line 73)	<u>795</u>

Comprehensive Problem 28

Adjusted Gross Income (Line 37)	<u>71,846</u>
Taxable Income (Line 43)	<u>50,926</u>
Total Tax (Line 63)	<u>6,717</u>
Amount Overpaid (Line 73)	<u>2,077</u>

Form	1040	Department of the Treasury—Internal Revenue Service (99) U.S. Individual Income Tax Return	2016	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.																																																																								
For the year Jan. 1–Dec. 31, 2016, or other tax year beginning , 2016, ending , 20																																																																													
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If a joint return, spouse's first name and initial Allison A.		Last name Gaytor		Spouse's social security number 266 34 1967																																																																									
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City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Coral Gables, FL 33134				Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input checked="" type="checkbox"/> You <input checked="" type="checkbox"/> Spouse																																																																									
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Filing Status Check only one box. 1 <input type="checkbox"/> Single 2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶ 4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 <input type="checkbox"/> Qualifying widow(er) with dependent child																																																																													
Exemptions 6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a. b <input checked="" type="checkbox"/> Spouse c Dependents: (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions) If more than four dependents, see instructions and check here ▶ <input type="checkbox"/> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Crocker</td> <td style="width: 20%;">Gaytor</td> <td style="width: 15%;">261 55 1212</td> <td style="width: 15%;">Son</td> <td style="width: 10%;"><input type="checkbox"/></td> <td style="width: 10%;"><input type="checkbox"/></td> <td style="width: 10%;"><input type="checkbox"/></td> <td style="width: 10%;"><input type="checkbox"/></td> </tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> </table> d Total number of exemptions claimed						Crocker	Gaytor	261 55 1212	Son	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																								
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35 Domestic production activities deduction. Attach Form 8903	35																																																																												
36 Add lines 23 through 35	36																																																																												
37 Subtract line 36 from line 22. This is your adjusted gross income ▶	37	65,625																																																																											
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 (2016)																																																																													

Form 1040 (2016)		Page 2	
38	Amount from line 37 (adjusted gross income)	38	65,625
Tax and Credits	39a Check <input type="checkbox"/> You were born before January 2, 1952, <input type="checkbox"/> Blind. Total boxes <input type="checkbox"/> if: <input type="checkbox"/> Spouse was born before January 2, 1952, <input type="checkbox"/> Blind. checked ▶ 39a <input type="checkbox"/> b If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b <input type="checkbox"/>		
Standard Deduction for—	40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	12,600
• People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.	41 Subtract line 40 from line 38	41	53,025
• All others: Single or Married filing separately, \$6,300	42 Exemptions. If line 38 is \$155,650 or less, multiply \$4,050 by the number on line 6d. Otherwise, see instructions	42	12,150
Married filing jointly or Qualifying widow(er), \$12,600	43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	40,875
Head of household, \$9,300	44 Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>	44	5,204
	45 Alternative minimum tax (see instructions). Attach Form 6251	45	
	46 Excess advance premium tax credit repayment. Attach Form 8962	46	
	47 Add lines 44, 45, and 46	47	5,204
	48 Foreign tax credit. Attach Form 1116 if required	48	
	49 Credit for child and dependent care expenses. Attach Form 2441	49	
	50 Education credits from Form 8863, line 19	50	
	51 Retirement savings contributions credit. Attach Form 8880	51	
	52 Child tax credit. Attach Schedule 8812, if required	52	
	53 Residential energy credits. Attach Form 5695	53	
	54 Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	54	
	55 Add lines 48 through 54. These are your total credits	55	
	56 Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	56	5,204
Other Taxes	57 Self-employment tax. Attach Schedule SE	57	
	58 Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58	
	59 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	
	60a Household employment taxes from Schedule H	60a	
	b First-time homebuyer credit repayment. Attach Form 5405 if required	60b	
	61 Health care: individual responsibility (see instructions) Full-year coverage <input checked="" type="checkbox"/>	61	
	62 Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s)	62	
	63 Add lines 56 through 62. This is your total tax	63	5,204
Payments	64 Federal income tax withheld from Forms W-2 and 1099	64	6,120
	65 2016 estimated tax payments and amount applied from 2015 return	65	
	66a Earned income credit (EIC)	66a	
	b Nontaxable combat pay election 66b	66b	
	67 Additional child tax credit. Attach Schedule 8812	67	
	68 American opportunity credit from Form 8863, line 8	68	
	69 Net premium tax credit. Attach Form 8962	69	
	70 Amount paid with request for extension to file	70	
	71 Excess social security and tier 1 RRTA tax withheld	71	
	72 Credit for federal tax on fuels. Attach Form 4136	72	
	73 Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> 8885 d <input type="checkbox"/>	73	
	74 Add lines 64, 65, 66a, and 67 through 73. These are your total payments	74	6,120
Refund	75 If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75	916
	76a Amount of line 75 you want refunded to you . If Form 8888 is attached, check here ▶ <input type="checkbox"/>	76a	916
Direct deposit? See instructions.	b Routing number <input type="text"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number <input type="text"/>		
	77 Amount of line 75 you want applied to your 2017 estimated tax ▶ 77	77	
Amount You Owe	78 Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions ▶	78	
	79 Estimated tax penalty (see instructions)	79	
Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No		
	Designee's name ▶	Phone no. ▶	Personal identification number (PIN) ▶
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Joint return? See instructions. Keep a copy for your records.	Your signature	Date	Your occupation Boat Captain
	Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation Homemaker
			Daytime phone number
			If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <input type="text"/>
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date
	Firm's name ▶	Firm's EIN ▶	Check <input type="checkbox"/> if self-employed
	Firm's address ▶	Phone no.	PTIN