



2007 **VITA/TCE** Form 6744

Volunteer Test/Retest

(for use in preparing Tax Year 2007 Returns)

Coming together to
strengthen communities
through free volunteer
tax return preparation
programs

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Department of the Treasury
Internal Revenue Service

www.irs.gov

Form 6744 (Rev. 2007)
Catalog Number 43560V

Technical Updates

Tax law changes implemented after this product was published may cause various forms, tables, and worksheets to change. The supplemental changes (if any) are normally available in mid-December on www.irs.gov (keyword: Community Network).

Technical updates are also conveyed in Volunteer Quality Alerts during the filing season on www.irs.gov. Also, consult your course facilitator and/or site coordinator.

The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.



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Confidentiality Statement

All tax information received from taxpayers in your volunteer capacity is strictly confidential and should not, under any circumstances, be disclosed to unauthorized individuals and should be properly safeguarded.

All persons, scenarios and addresses appearing in this product are fictitious. Any resemblance to persons living or dead is purely coincidental.

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Preface

Quality Return Process

The IRS has an ongoing initiative to improve and/or enhance the quality of returns prepared at VITA/TCE sites. For three years the Volunteer Return Preparation Program – Quality Improvement Process has focused on improving the return preparation process.

An accurate return is the most important aspect of providing quality service to the taxpayer; it establishes credibility and integrity in the program and the volunteer who prepared the return. Throughout the training material you were introduced to the major components of the VITA/TCE return preparation process including:

- Understanding and applying tax law
- Screening and interviewing taxpayers (Intake and Interview Sheet)
- Using references, resources, and tools
- Conducting quality reviews

During your training you were given an opportunity to apply the tax law knowledge you gained. You also learned how to properly apply the screening and interview information on the Intake and Interview Sheet to prepare a correct tax return.

You also learned how to use your references, resources, and tools; and conduct a quality review of the returns that you have prepared.

Now comes the time to test the knowledge and competencies you have acquired and apply them to specific scenarios. All of these steps help you in achieving the goal of preparing accurate tax returns within your scope of training.

We welcome your comments for improving these materials and the VITA/TCE programs. You may follow the evaluation procedures in this kit or e-mail your comments to partner@irs.gov.

Thank you for being a part of this valuable public service for your neighbors and community.

Test Instructions

Special Accommodations If you require special accommodations to complete the test, please advise your Facilitator immediately.

Reference Materials Use **2007** Values for Deductions, Exemptions, Tax, or Credits for all answers on the test. Remember to round to dollars. Test answers have been rounded up or down at the point of entry on the return. The EIC and Tax Tables for 2007 are located in Publication 678-W, Comprehensive Problems and Exercises Workbook.

This is an open book test. You may use your course book and any other reference material you will use as a volunteer. Blank forms for the test are located in the back of the test booklet. If extra forms are needed they may be photocopied.

Please complete this test on your own. Taking the test in groups or with outside assistance is a disservice to the customers you have volunteered to help.

Income amounts for these test scenarios may exceed the income limits for VITA sites.

Using Software

The test is designed to be taken on paper. However, volunteers who use tax preparation software to complete the test or retest should be aware of the version of the software. Only the 2007 software will generate the correct answers for 2007 returns.

All Social Security Numbers, Employer Identification Numbers, and routing/account numbers provided in the scenarios are fictitious.

Volunteers using tax preparation software to complete the test should replace the X's as directed by the software. Use your city, state, and zip code when completing any of the forms, unless otherwise indicated.

Test Answer Sheet When you complete the test, please transfer all answers to the tear-out Test Answer Sheet.

Make sure your name is at the top of the page.

Forward the completed Test Answer Sheet and the completed Form 13615, Volunteer Agreement, as directed for grading. Do not submit your entire test booklet unless otherwise directed. If you are required to take the retest, your Test Answer Sheet will be retained.

Test Score

You will be advised of your test results. Your Volunteer Agreement will be maintained by your Site Coordinator.

Certification

Each course must be passed with a minimum score of **80%** for certification. If you do not achieve a score of at least **80%**, you should discuss it with your Facilitator or Training/Site Coordinator. After the discussion, you may choose to take a certification retest. The retest questions are included in this test booklet.

VITA/TCE Courses

There are five courses. They are **Basic, Intermediate, Advanced, Military, and International**. Each course is summarized below.

- **Basic:** This course covers the completion of wage earner type returns.
- **Intermediate:** This course covers completion of returns from wage earners, those who receive pension income, and more complex Forms 1040.
- **Advanced:** This course covers the completion of the full scope of returns. It requires certification in Basic and Intermediate.
- **Military:** This course covers the full scope of returns presented by members of the Armed Forces, Reserve and National Guard. It requires certification in Basic and Intermediate. Note: Military instructors going overseas to teach must be certified in both Military and International courses.
- **International:** This course covers the completion of returns for taxpayers (non-Military) living outside the United States and assisted by volunteers working at U.S. Embassies and Consulates or other areas. This requires certification in Basic and Intermediate.

All volunteers must complete the Basic course. Volunteers who are certified in Basic can prepare returns within the scope of the Basic course. Volunteers can stop with Basic or proceed with other courses. Volunteers can only prepare returns for the level for which they have been certified.

Volunteers who wish to take Advanced, Military or International **must** complete Basic and Intermediate before proceeding with these additional courses. Remember each course for which you wish to be certified must be passed with a minimum score of 80% accuracy.

You may take this volunteer certification test online using the Link & Learn Taxes e-learning application at <http://www.irs.gov/app/vita/index.jsp>

or

at www.irs.gov, using keyword search: Link and Learn.

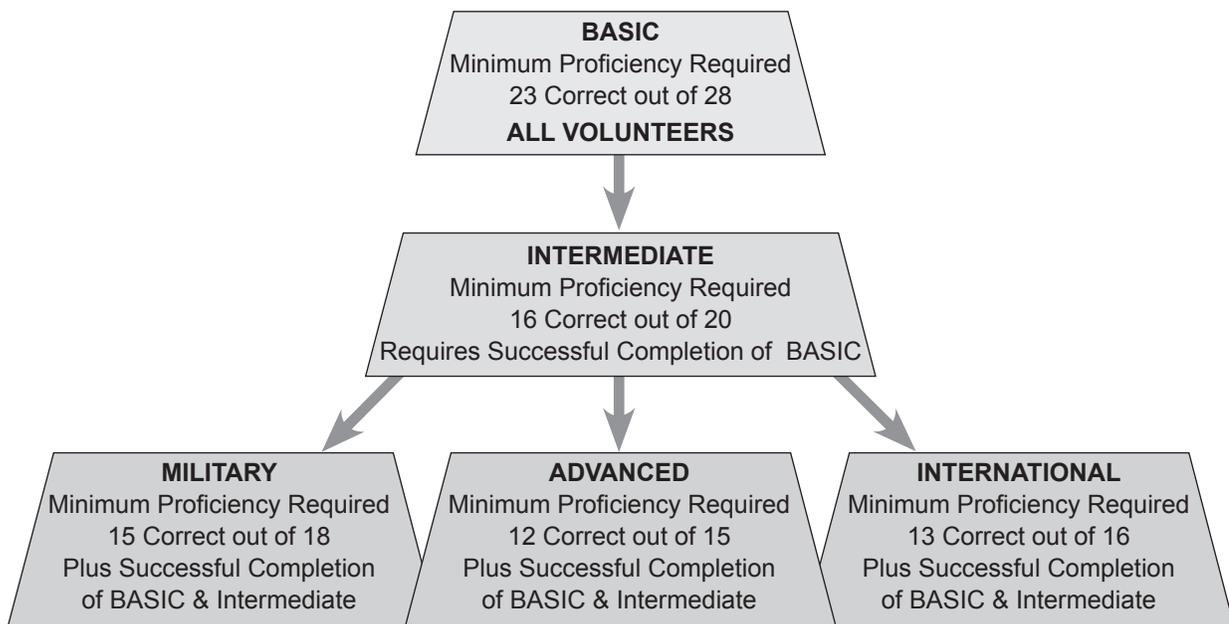


Caution: If you complete the test on paper and certify using Link & Learn Taxes, be aware that the online questions may be different. However, they are taken from the same scenarios. Therefore, read the questions carefully.

**VITA/TCE
Certification
Requirements**

Basic certification is required for all volunteers who prepare or review tax returns in the VITA/TCE programs. Volunteers may certify at increasing levels of complexity based on their training and experience. Each level of certification builds on the previous level.

After completing the **Basic** certification (7 Scenarios and 1 Quality Review), volunteers may proceed to the **Intermediate** certification (2 Scenarios) followed by the **Advanced** (1 Scenario) or **Military** or **International** certification (1 Partial Return and 1 Quality Review of a completed return) as their training and experience warrants.



Test Answer Sheet

Name _____

Record all your answers on this tear-out page. Your Facilitator will tell you where to send your Test Answer Sheet for grading. Be sure to complete and sign the Form 13615, Volunteer Agreement.

Privacy 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.

Question	Answer
Basic Scenario 1	
1.1	
1.2	
Basic Scenario 2	
2.1	
2.2	
Basic Scenario 3	
3.1	
3.2	
Basic Scenario 4	
4.1	
4.2	
Basic Scenario 5	
5.1	
5.2	
Basic Scenario 6	
6.1	
6.2	
6.3	
6.4	
6.5	
6.6	
Basic Scenario 7	
7.1	
7.2	
7.3	
7.4	
7.5	
7.6	
Basic Scenario 8	
8.1	
8.2	
8.3	
8.4	
8.5	
8.6	
Total Answers Correct: _____	
Total Questions: 28	
Passing Score: 23 of 28	

Question	Answer
Intermediate Scenario 1	
9.1	
9.2	
9.3	
9.4	
9.5	
9.6	
9.7	
9.8	
9.9	
9.10	
9.11	
9.12	
Intermediate Scenario 2	
10.1	
10.2	
10.3	
10.4	
10.5	
10.6	
10.7	
10.8	
Total Answers Correct: _____	
Total Questions: 20	
Passing Score: 16 of 20	
Question	Answer
Advanced Scenario 1	
11.1	
11.2	
11.3	
11.4	
11.5	
11.6	
11.7	
11.8	
11.9	
11.10	
11.11	
11.12	
11.13	
11.14	
11.15	
Total Answers Correct: _____	
Total Questions: 15	
Passing Score: 12 of 15	

Question	Answer
Military Scenario 1	
12.1	
12.2	
12.3	
12.4	
12.5	
12.6	
12.7	
12.8	
12.9	
12.10	
Military Scenario 2	
13.1	
13.2	
13.3	
13.4	
13.5	
13.6	
13.7	
13.8	
Total Answers Correct: _____	
Total Questions: 18	
Passing Score: 15 of 18	
Question	Answer
International Scenario 1	
14.1	
14.2	
14.3	
14.4	
14.5	
14.6	
14.7	
International Scenario 2	
15.1	
15.2	
15.3	
15.4	
15.5	
15.6	
15.7	
15.8	
15.9	
Total Answers Correct: _____	
Total Questions: 16	
Passing Score: 13 of 16	

The mission of the VITA/TCE Program is to provide free basic tax return preparation for eligible taxpayers. Volunteers are the program's most valuable resource. To establish the greatest degree of public trust Volunteers have a responsibility to provide high quality service and uphold the highest of ethical standards.

Instructions: To be completed by all volunteers in the VITA/TCE program.

As a participant in the VITA/TCE Program, I agree to the following standards of conduct:

- I will treat all taxpayers professionally, with courtesy and respect.
- I will safeguard the confidentiality of taxpayer information.
- I will apply the tax laws equitably and accurately to the best of my ability.
- I will only prepare returns for which I am certified. (Basic, Advanced, etc.)
- I will exercise reasonable care in the use and protection of equipment and supplies.
- I will not solicit business from taxpayers I assist or use the knowledge I have gained about them for any direct or indirect personal benefit for me or any other specific individual.
- I will not accept payment from taxpayers for the services I provide. I may receive compensation as an employee of a program sponsor.

Volunteer Information

Print Full Name

Signature and Date

Home Street Address

Daytime Telephone

City, State and Zip Code

E-mail Address

Site and/or Partner Name

This form is to be retained at the Site or by the Partner.

Volunteer position(s) _____
(screener, preparer, interpreter, reviewer, etc.)

(Partner Use Only) Test Results – Only volunteers preparing federal tax returns, answering tax law questions, or reviewing federal tax returns for accuracy are required to be certified.

	Basic	Intermediate	Advanced	Military	International	Foreign Student/Scholars		
						Part 1	Part 2	Part 3
Volunteer's Test Score								
Certification level – Mark the appropriate box								

Privacy 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.

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2007 6744 Test – Basic Course

The first five short scenarios are designed to measure key competencies related to dependency exemptions and related tax benefits. Read each scenario carefully and use your reference tools (Publication 4012, Volunteer Resource Guide and Publication 17) to answer the questions after the scenario. The first five scenarios do not require you to prepare a tax return.

Basic Scenario 1: Fred Fulton

**Interview
Notes**

- Fred is 17 years old, single, and a full-time student.
- Fred lived with his parents all year. He does not pay rent or household bills.
- Fred does not provide over half of his own support.
- He started working part-time in 2007 and is saving most of his money.
- In 2007, Fred worked at the local hardware store and earned \$6,500, which was his total income for the year.
- His Federal income tax withholding was \$485.
- Fred and his parents are U. S. citizens and have valid social security numbers.

Basic Scenario 1: Test Questions

Directions

Using your resource materials and interview notes, answer the following questions.

- 1.1** Does Fred qualify for EITC on his tax return?
- a. Yes
 - b. No
- 1.2** What is the amount Fred can claim for his personal exemption?
- a. \$0
 - b. \$3,400
 - c. \$6,800
 - d. Fred can choose either \$0 or \$3,400

Basic Scenario 2: Charles Brown and Helen Baxter

Interview Notes

- From November 2005 through the present, Charles has lived with his girlfriend, Helen, and Helen's three-year old son, David.
- Charles is not David's father, but Charles worked and provided over half of the total support for both Helen and David during 2007.
- Helen stays home and takes care of David.
- Helen worked part-time briefly and earned \$4,000, but had no other income.
- Charles worked and earned \$29,000 for 2007.
- All are U.S. citizens and have valid social security numbers.

Basic Scenario 2: Test Questions

Directions

Using your resource materials and interview notes, answer the following questions.

- 2.1** Charles cannot claim David as a dependent. Why?
- a. Because the home David lives in belongs to Helen.
 - b. Because David is the qualifying child of Helen.
 - c. Because Helen earned over \$3,400.
 - d. Because Helen is not required to file a tax return.
- 2.2** Does David qualify Charles to claim Head of Household?
- a. Yes
 - b. No

Basic Scenario 3: Justine Jackson

Interview Notes

- Justine Jackson and Michael Martin separated and divorced in 2004.
- They have one child, Lizzie, age 4.
- In 2007, Lizzie lived with Justine the entire year.
- Justine and Michael provided all of Lizzie's support.
- In 2007, Justine worked part-time and earned \$3,000. Michael worked full-time and earned \$27,000.
- Since Michael pays child support and Justine has such low income, Justine told Michael to claim Lizzie for everything on his tax return.
- The divorce decree does not state who can claim Lizzie.
- All are U.S. citizens and have valid social security numbers.

Basic Scenario 3: Test Questions

Directions

Using your resource materials and interview notes, answer the following questions.

- 3.1** Who can claim Lizzie as a qualifying child for EITC?
- a. Justine is the only one who can claim Lizzie for EITC.
 - b. Michael and Justine need to choose who will claim Lizzie for EITC.
 - c. Justine can sign a Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents, to allow Michael to claim Lizzie for EITC.
 - d. Nobody can claim Lizzie for EITC.
- 3.2** Who can claim Lizzie as a dependent?
- a. Michael can claim Lizzie because he has the higher income.
 - b. It depends on the actual amount of child support Michael paid.
 - c. Justine can claim Lizzie or she can sign a Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents, to allow Michael to claim Lizzie as a dependent.
 - d. No one can claim Lizzie as a dependent.

Basic Scenario 4: Becky Grant

Interview Notes

- Becky Grant and her 6-year-old daughter, Tammy, lived with Becky's grandmother, Martha, for the entire year of 2007.
- Tammy did not provide any of her own support.
- Becky and Martha provided Tammy's support.
- Becky worked as a clerk and earned \$10,000.
- Martha worked part-time and earned \$5,000 to supplement her social security.
- All are U.S. citizens and have valid social security numbers.

Basic Scenario 4: Test Questions

Directions

Using your resource materials and interview notes, answer the following questions.

- 4.1** Who can claim Tammy as a dependent?
- a. Only Becky can claim Tammy, since Becky is Tammy's mother.
 - b. Becky cannot claim Tammy because she did not provide over half of Tammy's support.
 - c. Tammy is the qualifying child for both Becky and Martha. They can choose who will claim Tammy.
 - d. Only Martha can claim Tammy because Tammy lived in Martha's home.
- 4.2** Which tab in Publication 4012, Volunteer Resource Guide, covers the rules for claiming an exemption for a dependent?
- a. Who Must File/Which Form?
 - b. Deductions
 - c. Earned Income Credit
 - d. Exemptions/Dependency

Basic Scenario 5: Joe and Bobbie Stokes

Interview Notes

- Joe and Bobbie are married and lived together with their son, Danny, age 10, all of 2007.
- Together, Joe and Bobbie earned \$32,000, which was their only income.
- Bobbie's nephew, Jason, age 9, came to live with them in October 2006. He continued to live with them the entire year of 2007.
- Joe and Bobbie provided all of Jason's support in 2007.
- Danny and Jason provided none of their own support and have no income.
- Joe, Bobbie, and Danny are all U.S. citizens and have valid social security numbers.
- Jason, the nephew, who is from Mexico, has an Individual Taxpayer Identification Number (ITIN).

Basic Scenario 5: Test Questions

Directions

Using your resource materials and interview notes, answer the following questions.

- 5.1** Joe and Bobbie are going to file a joint return. Who can they claim as dependents?
- a. They can claim both Danny and Jason as dependents.
 - b. They can only claim Danny because Jason does not have an SSN.
 - c. They can only claim Danny because Jason is not their son.
 - d. They can only claim one dependent because they did not have enough income to support a family of four.
- 5.2** Who can Joe and Bobbie claim as qualifying children for the EITC on their joint return?
- a. Joe and Bobbie can only claim Danny as a qualifying child for the EITC.
 - b. Joe and Bobbie can claim both Danny and Jason as qualifying children for the EITC.
 - c. Joe and Bobbie do not qualify for the EITC because Jason has an ITIN.
 - d. It does not matter, because Joe and Bobbie's income is too high to qualify for the EITC.

Basic Scenario 6: Darius and Matilde Howard

Taxpayer Documents

- Completed Form 13614, Intake and Interview Sheet
- Social security cards for Darius, Matilde, Michael, and Isabelle Howard
- Form W-2 for Matilde Howard
- Form W-2 for Darius Howard
- Form 1099-DIV from U.S. Equity Fund
- Form 1098-T from Brown Junior College
- Statement from Extended Learning Center
- Statement from Outdoor Experiences

Note

Before completing this scenario, refer to the directions listed before the scenario questions.

Interview Notes

- In September 2007, Michael was in his second year in college working toward a degree in business. His parents paid his tuition, fees, books, and other expenses, since he did not have a scholarship. Michael is free of any felony conviction for possessing or distributing a controlled substance.
- Matilde and Darius want to file together.
- Matilde is a secretary and Darius is a sales clerk.
- They showed you a statement from Brown Junior College showing tuition and fees paid matching the dollar amount in box 2 of Form 1098-T.
- Their daughter, Isabelle, attended school and went to after-school care during the school year until either Darius or Matilde could pick her up.
- Isabelle attended an overnight camp for one week.
- Most of the summer, Michael took care of Isabelle during the day, and his parents paid him \$400. This was Michael's only income for the year.
- When Michael was unavailable, the Howards paid Beatrice Wallace, a neighbor, \$300 to take care of Isabelle in Beatrice's home for two weeks. Her SSN is 134-XX-XXXX, and her address is 1920 Calvins Court, Your City, State Zip.
- They both want to designate \$3 to the Presidential Election Campaign Fund.



You (and Spouse) will need:

- Proof of Identity
- Copies of ALL W-2, 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care provider's identification number
- Banking information (checking and/or savings account) for direct deposit/debit
- Amounts/dates of estimated or other tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name DARIUS		M.I. P	Last Name HOWARD		2. SSN or ITIN 130-XX-XXXX	
3. Date of Birth (mm/dd/yyyy) 09/21/1960	4. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		5. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		6. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
7. Spouse's First Name MATILDE		M.I. S	Last Name HOWARD		8. SSN or ITIN 131-XX-XXXX	
9. Date of Birth (mm/dd/yyyy) 03/05/1961	10. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		11. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
13. Address 1932 CALVINS COURT			Apt #	City YOUR CITY	State YS	Zip Code YOUR ZIP
14. Phone Number and e-mail address Phone: () YOUR PHONE NUMBER e-mail: NONE				15. Can you or your spouse be claimed as a dependent on the income tax return of any other person for 2007? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
16. On December 31, 2007:						
a. Were you: <input type="checkbox"/> Single <input checked="" type="checkbox"/> Legally Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed						
b. If married, were you living together (with your husband/wife) <u>on/after June 30, 2007</u> ? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						
c. Was your spouse deceased? If yes, provide the date of death: _____ (mm/dd/yyyy)						
17. Did you pay more than half the cost of keeping up the home for the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						

Part II. Family and Dependent Information – Do not include you or your spouse.

Print the name of everyone who lived in your home and outside your home that you supported during the year.

Name (first, last)	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship to you (son, daughter, etc.)	Number of months person lived with you in 2007	US Citizen, Resident of US, Canada or Mexico (yes or no)	Is the dependent a full time student born before 1989? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
MICHAEL T HOWARD	7/25/1967	132-XX-XXXX	SON	12	YES	YES
ISABELLE M HOWARD	12/3/1995	133-XX-XXXX	DAUGHTER	12	YES	NO

Paperwork Reduction Act Notice

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.SF, 1111 Constitution Ave. NW, Washington, DC 20224.

Volunteer Preparer Instructions: In order to complete an accurate return you must conduct a thorough interview. This intake sheet does not constitute a complete interview. **Remember to ask the taxpayer for all their documentation.** Based on your interview with the taxpayer be sure to note changes to information on the intake sheet. Confirm information on page 1 with taxpayer.

Use the decision trees in **Publication 4012,**
Volunteer Resource Guide while discussing the questions below with the taxpayer.

Part III. Filing Status & Dependency Determination

Based on the interview, the filing status of the taxpayer is: Single MFJ MFS* HOH QW

*Spouse Name _____ Social Security Number _____

- Yes No 1. Did you provide more than 50% of the support for the dependents claimed?
 Yes No 2. Can anyone else claim any of these dependents on their income tax return?
 Yes No 3. Were any of these dependents permanently and totally disabled in 2007?
 Yes No 4. Did any of these dependents file a joint return for 2007?
_____ 5. Based on the interview, how many individuals qualify as dependents for this return?

COMMONLY USED INCOME AND EXPENSES

Part IV. Income – In 2007, did you (or your spouse) receive:

- Yes No 1. Wages or Salary (include W-2s for all jobs worked during the year)
 Yes No 2. Disability income
 Yes No 3. Interest/Dividends from: checking or savings account, bonds, CDs, or brokerage account
 Yes No 4. State tax refund (may be taxable if you itemized last year)
 Yes No 5. Alimony income
 Yes No 6. Tip income
 Yes No 7. Pension and/or IRA distribution
 Yes No 8. Unemployment (1099-G)
 Yes No 9. Social Security or Railroad Retirement Benefits (1099-SSA or RRB)
 Yes No 10. Self Employment Income - business, farm, hobby (1099-Misc or any earned income not reported on W-2)
 Yes No 11. Other Income such as gambling winnings, awards, prizes and Jury Duty pay, etc.

Part V. Adjustments – In 2007 did you (or your spouse) make:

- Yes No 1. Contributions to IRA, 401k or other retirement account
 Yes No 2. Alimony payments (if yes, you must provide the name and SSN of the recipient)
 Yes No 3. Education related expenses

Part VI. Itemized Deductions – Did you (or your spouse) have 2007 expenses for:

- Yes No 1. Un-reimbursed medical expenses
 Yes No 2. Home mortgage payments (interest and taxes – see Form 1098)
 Yes No 3. Charitable contributions

Part VII. Credits – In 2007 did you (or your spouse) have:

- Yes No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
 Yes No 2. Educational expenses for you (or your spouse) and/or your dependents
 Yes No 3. Retirement Contribution to a traditional IRA, Roth IRA or 401k as shown on Form W-2

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

- Yes No 1. Was EITC previously disallowed? (if yes, taxpayer may not be eligible for EITC)
 Yes No 2. Based on the interview, is the taxpayer qualified for EITC?

a Employee's social security number 130-XX-XXXX		Safe, accurate, FAST! Use  Visit the IRS website at www.irs.gov/efile.			
b Employer identification number (EIN) 03-5XXXXXX		1 Wages, tips, other compensation \$25,000	2 Federal income tax withheld \$1,500		
c Employer's name, address, and ZIP code CROSSROADS SHIPPING 12 DOUGHTIE STREET STE 150 YOUR CITY, STATE ZIP		3 Social security wages \$25,000	4 Social security tax withheld \$1,550		
		5 Medicare wages and tips \$25,000	6 Medicare tax withheld \$362		
		7 Social security tips	8 Allocated tips		
d Control number		9 Advance EIC payment	10 Dependent care benefits		
e Employee's first name and initial Last name Suffix DARIUS P HOWARD		11 Nonqualified plans	12a See instructions for box 12		
f Employee's address and ZIP code 1932 CALVINS COURT YOUR CITY, STATE ZIP		13 Health insurance Retirement plan Two parts (see 12c) <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	12b		
		14 Other	12c		
			12d		
15 Item Employer's state ID number YS 03-5XXXXXX	16 State wages, tips, etc. \$25,000	17 State income tax \$725	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement **2007** 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.

a Employee's social security number 131-XX-XXXX		Safe, accurate, FAST! Use  Visit the IRS website at www.irs.gov/efile.			
b Employer identification number (EIN) 03-6XXXXXX		1 Wages, tips, other compensation \$10,500	2 Federal income tax withheld \$450		
c Employer's name, address, and ZIP code BONNIES BONNETS 2250 DELORIS AVE YOUR CITY, STATE ZIP		3 Social security wages \$10,500	4 Social security tax withheld \$651		
		5 Medicare wages and tips \$10,500	6 Medicare tax withheld \$152		
		7 Social security tips	8 Allocated tips		
d Control number		9 Advance EIC payment	10 Dependent care benefits		
e Employee's first name and initial Last name Suffix MATILDE S HOWARD		11 Nonqualified plans	12a See instructions for box 12		
f Employee's address and ZIP code 1932 CALVINS COURT YOUR CITY, STATE ZIP		13 Health insurance Retirement plan Two parts (see 12c) <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	12b		
		14 Other	12c		
			12d		
15 Item Employer's state ID number YS 03-6XXXXXX	16 State wages, tips, etc. \$10,500	17 State income tax \$519	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement **2007** 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, state, ZIP code, and telephone no. US EQUITY FUND 8020 YONKERS BLVD YOUR CITY, STATE ZIP		1a Total ordinary dividends \$ 115	OMB No. 1545-0110 2007	Dividends and Distributions
		1b Qualified dividends \$ 115		
		2a Total capital gain dist. \$ 30	2b Unrecap. Sec. 1250 gain \$	
PAYER'S federal identification number 03-4XXXXXX	RECIPIENT'S identification number 131-XX-XXXX			
RECIPIENT'S name MATILDE S HOWARD Street address (including apt. no.) 1932 CALVINS COURT City, state, and ZIP code YOUR CITY, STATE ZIP Account number (see instructions)		3a Section 1202 gain \$	3b Collectibles (28%) gain \$	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
		3 Nondividend distributions \$	4 Federal income tax withheld \$	
			5 Investment expenses \$	
		6 Foreign tax paid \$	7 Foreign country or U.S. possession \$	
		8 Cash liquidation distributions \$	9 Noncash liquidation distributions \$	

Form **1099-DIV**

(keep for your records)

Department of the Treasury - Internal Revenue Service

CORRECTED

FILER'S name, street address, city, state, ZIP code, and telephone number BROWN JUNIOR COLLEGE 8700 PALLADIN PORTSMOUTH, NH 03801		1 Payments received for qualified tuition and related expenses \$ 2800	OMB No. 1545-1574 <div style="font-size: 2em; font-weight: bold; text-align: center;">2007</div>	Tuition Statement
FILER'S federal identification no. 03-1XXXXXX		2 Amounts billed for qualified tuition and related expenses \$ 2800	Form 1098-T	
STUDENT'S name MICHAEL T HOWARD	STUDENT'S social security number 132-XX-XXXX	3 If this box is checked, your educational institution has changed its reporting method for 2007 <input type="checkbox"/>		Copy B For Student This is important tax information and is being furnished to the Internal Revenue Service.
Street address (including apt. no.) 1932 CALVINS COURT	City, state, and ZIP code YOUR CITY, STATE ZIP	4 Adjustments made for a prior year \$	5 Scholarships or grants \$	
Service Provider/Inst. No. (see instr.)		6 Adjustments to scholarships or grants for a prior year \$	7 Checked if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2008 <input type="checkbox"/>	
<input checked="" type="checkbox"/> Checked if at least half-time student	<input type="checkbox"/> Checked if a graduate student	10 Inst. contract reimb./refund \$		

Form **1098-T**
(keep for your records)
Department of the Treasury - Internal Revenue Service

Extended Learning Center

3030 Joann
Your City, Your State Your Zip

December 31, 2007

Received \$3100 from Matilde Howard for after-school care of Isabelle.

Della Krause
EIN: 03-3XXXXXX

OUTDOOR EXPERIENCES

PO BOX 29805
Your City, Your State Your Zip

August 27, 2007

Received from: Matilde Howard

Amount: \$500

For: One week overnight camp for Isabelle

Jennifer Early, Camp Director
EIN 03-9XXXXXX

Basic Scenario 6: Test Questions

Directions

Please complete Form 1040 through line 49 and the appropriate forms and worksheets to answer the following questions. For this scenario, use Michael's education expenses to compute the Education Credit, on Form 8863. For line 11, Form 2441 enter 0. Form 6251 does not apply for this taxpayer. (Do not consider the Tuition and Fees Deduction; it is an Intermediate topic.)

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 6.1** What is the total amount of qualified childcare expenses for Isabelle entered on Form 2441, line 2c?
- a. \$3500
 - b. \$3400
 - c. \$3600
 - d. \$4300
- 6.2** What is the credit for child and dependent care expenses on Form 2441, line 13?
- a. \$816
 - b. \$1,032
 - c. \$288
 - d. \$720
- 6.3** What is the amount on line 7 of Form 8863, Education Credits? \$_____.
- 6.4** Publication 4012, Volunteer Resource Guide, has a flow chart to help determine whether a taxpayer can claim the Credit for Child & Dependent Care Expenses. The flow chart is located under which tab?
- a. Adjustments
 - b. Deductions
 - c. Credits
 - d. Earned Income Credit
- 6.5** What is the Howards' standard deduction amount? \$_____.
- 6.6** The Howards' total income on Form 1040, line 22 is:
- a. \$35,500
 - b. \$35,615
 - c. \$35,645
 - d. \$38,445

Basic Scenario 7: Gladys Berry

- Taxpayer Documents**
- Social Security card for Gladys
 - Social Security card for Kevin
 - Social Security card for Maria
 - Two Forms W-2 for Gladys
 - Form 1099-G – unemployment compensation for Gladys
 - Completed Form 13614, Intake and Interview Sheet

Note Before completing this scenario, refer to the directions listed before the scenario questions.

- Interview Notes**
- Gladys is married but her husband, Sam, moved out of the house and left the family in December 2006. She has not seen Sam since.
 - Gladys tells you that she does not want to file with her husband.
 - Gladys' mother, Helen, kept Maria in her home after school and during the summer but did not allow Gladys to pay her anything for this help.
 - Kevin lives at home with Gladys and is a full-time student attending a local community college.
 - Gladys was laid off in September and received unemployment for two months.
 - If she is due a refund, she wants half placed in her checking account and half in her savings account. Gladys provided a copy of a check and a statement from her bank for the proper savings account routing number and account number to be used for the direct deposit. The savings routing number is 322070239 and the savings account number is 987654321.
 - Gladys wants to designate \$3 to go to the Presidential Election Campaign Fund.
 - Gladys is a medical secretary.



You (and Spouse) will need:

- *Proof of Identity*
- *Copies of ALL W-2, 1098, 1099 forms*
- *Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return*
- *Child care provider's identification number*
- *Banking information (checking and/or savings account) for direct deposit/debit*
- *Amounts/dates of estimated or other tax payments made, etc.*
- *Amounts of other income*

Part I: Taxpayer Information

1. Your First Name GLADYS		M.I. S	Last Name BERRY		2. SSN or ITIN 140-XX-XXXX	
3. Date of Birth (mm/dd/yyyy) 04/29/1988	4. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		5. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		6. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
7. Spouse's First Name SAM		M.I. A	Last Name BERRY		8. SSN or ITIN	
9. Date of Birth (mm/dd/yyyy) 05/15/1961	10. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		11. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
13. Address 129 PETERBOROUGH			Apt #	City YOUR CITY		State YS
14. Phone Number and e-mail address Phone: () YOUR PHONE NUMBER e-mail: NONE			15. Can you or your spouse be claimed as a dependent on the income tax return of any other person for 2007? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
16. On December 31, 2007:						
a. Were you: <input type="checkbox"/> Single <input checked="" type="checkbox"/> Legally Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed						
b. If married, were you living together (with your husband/wife) <u>on/after June 30, 2007?</u> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No						
c. Was your spouse deceased? If yes, provide the date of death. _____ (mm/dd/yyyy)						
17. Did you pay more than half the cost of keeping up the home for the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						

Part II. Family and Dependent Information – Do not include you or your spouse.

Print the name of everyone who lived in your home and outside your home that you supported during the year.

Name (first, last)	Date of Birth (mm/dd/yyyy)	Social Security Number or ITIN	Relationship to you (son, daughter, etc.)	Number of months person lived with you in 2007	US Citizen, Resident of US, Canada or Mexico (yes or no)	Is the dependent a full time student born before 1987? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
MARIA BERRY	08/25/2000	141-XX-XXXX	DAUGHTER	12	YES	NO
KEVIN BERRY	05/05/1988	142-XX-XXXX	SON	12	YES	YES

Paperwork Reduction Act Notice

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.

Volunteer Preparer Instructions: In order to complete an accurate return you must conduct a thorough interview. This intake sheet does not constitute a complete interview. Remember to ask the taxpayer for all their documentation. Based on your interview with the taxpayer be sure to note changes to information on the intake sheet. Confirm information on page 1 with taxpayer.

Use the decision trees in **Publication 4012,**
Volunteer Resource Guide while discussing the questions below with the taxpayer.

Part III. Filing Status & Dependency Determination

Based on the interview, the filing status of the taxpayer is: Single MFJ MFS* HOH QW

*Spouse Name _____ Social Security Number _____

- Yes No 1. Did you provide more than 50% of the support for the dependents claimed?
 Yes No 2. Can anyone else claim any of these dependents on their income tax return?
 Yes No 3. Were any of these dependents permanently and totally disabled in 2007?
 Yes No 4. Did any of these dependents file a joint return for 2007?
_____ 5. Based on the interview, how many individuals qualify as dependents for this return?

COMMONLY USED INCOME AND EXPENSES

Part IV. Income – In 2007, did you (or your spouse) receive:

- Yes No 1. Wages or Salary (include W-2s for all jobs worked during the year)
 Yes No 2. Disability income
 Yes No 3. Interest/Dividends from: checking or savings account, bonds, CDs, or brokerage account
 Yes No 4. State tax refund (may be taxable if you itemized last year)
 Yes No 5. Alimony income
 Yes No 6. Tip income
 Yes No 7. Pension and/or IRA distribution
 Yes No 8. Unemployment (1099-G)
 Yes No 9. Social Security or Railroad Retirement Benefits (1099-SSA or RRB)
 Yes No 10. Self Employment Income - business, farm, hobby (1099-Misc or any earned income not reported on W-2)
 Yes No 11. Other Income such as gambling winnings, awards, prizes and Jury Duty pay, etc.

Part V. Adjustments – In 2007 did you (or your spouse) make:

- Yes No 1. Contributions to IRA, 401k or other retirement account
 Yes No 2. Alimony payments (if yes, you must provide the name and SSN of the recipient)
 Yes No 3. Education related expenses

Part VI. Itemized Deductions – Did you (or your spouse) have 2007 expenses for:

- Yes No 1. Un-reimbursed medical expenses
 Yes No 2. Home mortgage payments (interest and taxes – see Form 1098)
 Yes No 3. Charitable contributions

Part VII. Credits – In 2007 did you (or your spouse) have:

- Yes No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
 Yes No 2. Educational expenses for you (or your spouse) and/or your dependents
 Yes No 3. Retirement Contribution to a traditional IRA, Roth IRA or 401k as shown on Form W-2

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

- Yes No 1. Was EITC previously disallowed? (if yes, taxpayer may not be eligible for EITC)
 Yes No 2. Based on the interview, is the taxpayer qualified for EITC?

a Employee's social security number 140-XX-XXXX		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile.	
b Employer identification number (EIN) 04-1XXXXXX		1 Wages, tips, other compensation \$12,000		2 Federal income tax withheld \$600			
c Employer's name, address, and ZIP code LOST PINES CRAFTS 10599 LILLIAN YOUR CITY, STATE ZIP		3 Social security wages \$12,000		4 Social security tax withheld \$744			
		5 Medicare wages and tips \$12,000		6 Medicare tax withheld \$174			
		7 Social security tips		8 Allocated tips			
d Control number		9 Advance EIC payment \$52.00		10 Dependent care benefits			
e Employee's first name and initial Last name Suffix GLADYS S BERRY 129 PETERBOROUGH YOUR CITY, STATE ZIP		11 Nonqualified plans		12a See instructions for box 12			
		13 Retiree annuity <input type="checkbox"/> Pension plan <input type="checkbox"/> Two plans <input type="checkbox"/>		12b			
		14 Other		12c			
				12d			
f Employer's address and ZIP code							
15 State Employer's state ID number YS 04-1XXXXXX	16 State wages, tips, etc. \$12,000	17 State income tax \$155	18 Local wages, tips, etc.	19 Local income tax	20 Locality name		

Form **W-2 Wage and Tax Statement** **2007** 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.

a Employee's social security number 140-XX-XXXX		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile.	
b Employer identification number (EIN) 04-2XXXXXX		1 Wages, tips, other compensation \$7,100		2 Federal income tax withheld \$300			
c Employer's name, address, and ZIP code ORTHOPEDIC SERVICES, PA 1270 WEST 29TH STREET YOUR CITY, STATE ZIP		3 Social security wages \$7,100		4 Social security tax withheld \$440			
		5 Medicare wages and tips \$7,100		6 Medicare tax withheld \$103			
		7 Social security tips		8 Allocated tips			
d Control number		9 Advance EIC payment		10 Dependent care benefits			
e Employee's first name and initial Last name Suffix GLADYS S BERRY 129 PETERBOROUGH YOUR CITY, STATE ZIP		11 Nonqualified plans		12a See instructions for box 12			
		13 Retiree annuity <input type="checkbox"/> Pension plan <input type="checkbox"/> Two plans <input type="checkbox"/>		12b			
		14 Other		12c			
				12d			
f Employer's address and ZIP code							
15 State Employer's state ID number YS 04-2XXXXXX	16 State wages, tips, etc. \$7,100	17 State income tax \$97	18 Local wages, tips, etc.	19 Local income tax	20 Locality name		

Form **W-2 Wage and Tax Statement** **2007** 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.

VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no. STATE UNEMPLOYMENT COMMISSION 1000 GOVERNMENT PLAZA YOUR CITY, STATE ZIP		1 Unemployment compensation \$ 2,620.00	OMB No. 1545-0120 <div style="font-size: 2em; font-weight: bold; text-align: center;">2007</div>	Certain Government Payments
PAYER'S federal identification number RECIPIENT'S identification number 04-3XXXXXX 140-XX-XXXX		2 State or local income tax refunds, credits, or offsets \$	Form 1099-G 3 Box 2 amount is for tax year \$	
RECIPIENT'S name GLADYS BERRY Street address (including apt. no.) 129 PETERBOROUGH City, state, and ZIP code YOUR CITY, STATE ZIP Account number (see instructions)		4 Federal income tax withheld \$ 262.00	5 ATAA payments \$	Copy C For Payer For Privacy Act and Paperwork Reduction Act Notice, see the 2007 General Instructions for Forms 1099, 1098, 5498, and W-20.
6 Taxable grants \$		7 Agriculture payments \$	8 Check if box 2 is trade or business income <input type="checkbox"/>	
(This area is intentionally left blank for the payer's use.)		(This area is intentionally left blank for the payer's use.)		

Form **1099-G**
Department of the Treasury - Internal Revenue Service

Gladys S. Berry 129 Peterborough Your City, State 00000	1234 16-0000000000
PAY TO THE ORDER OF _____	_____ 20 _____ \$ _____
Bank of America Anytown, State 00000 For _____	_____ DOLLARS
: 111000025 : 123456789 1234	

Basic Scenario 7: Test Questions

Directions

Please complete Form 1040 through line 74a and the appropriate forms and worksheets to answer the following questions.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 7.1** What is Gladys' most advantageous filing status?
- Single
 - Married Filing Jointly
 - Married Filing Separately
 - Head of Household
- 7.2** Who can Gladys claim for the Child Tax Credit?
- Maria
 - Kevin
 - Both Maria and Kevin
 - Neither Maria nor Kevin
- 7.3** What is Gladys' Adjusted Gross Income on Form 1040, line 38?
- \$19,100
 - \$21,100
 - \$21,720
 - \$22,720
- 7.4** What is the amount of Gladys' earned income? \$_____
- 7.5** What is the amount of Gladys' Earned Income Credit on Form 1040, line 66a? \$_____
- 7.6** Gladys wants to direct deposit her refund into two different accounts. What form needs to be completed?
- Form 8812
 - Form 8843
 - Form 8863
 - Form 8888

Basic Scenario 8: Brenda James

- Taxpayer Documents**
- Form 13614, Intake and Interview Sheet
 - Social security card for Brenda
 - Social security card for Paul
 - Social security card for Emily
 - Two Forms W-2 for Brenda
 - Form 1099-INT from First National Bank and Trust
 - Form 1099-DIV from Small Cap Mutual Fund

Note Before completing this scenario, refer to the directions listed before the scenario questions.

- Interview Notes**
- Another volunteer has completed the necessary tax return and schedules for Brenda James for you to quality review.
 - Brenda James is not married and lives with her two children Paul and Emily. The children lived with her the entire year 2007.
 - Emily is a full-time student on full scholarship at a community college and Paul is a high-school senior.
 - Brenda pays all of the household expenses.
 - Brenda does not want to designate \$3 to go to the Presidential Election Campaign Fund.
 - Brenda is an office clerk.
 - Brenda is not a full-time student.



Intake and Interview Sheet

You (and Spouse) will need:

- *Proof of identity*
- *Copies of ALL W-2, 1098, 1099 forms*
- *Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return*
- *Child care provider's identification number*
- *Banking information (checking and/or savings account) for direct deposit/debit*
- *Amounts/dates of estimated or other tax payments made, etc.*
- *Amounts of other income*

Part I: Taxpayer Information

1. Your First Name BRENDA		M.I. L	Last Name JAMES		2. SSN or ITIN 150-XX-XXXX	
3. Date of Birth (mm/dd/yyyy) 11/29/1986	4. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		5. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		6. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
7. Spouse's First Name		M.I.	Last Name		8. SSN or ITIN	
9. Date of Birth (mm/dd/yyyy)	10. US Citizen or Resident Alien <input type="checkbox"/> Yes <input type="checkbox"/> No		11. Legally Blind <input type="checkbox"/> Yes <input type="checkbox"/> No		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input type="checkbox"/> No	
13. Address 1492 COLUMBUS DRIVE			Apt #	City YOUR CITY		State YS
14. Phone Number and e-mail address Phone: () YOUR PHONE NUMBER e-mail: NONE			15. Can you or your spouse be claimed as a dependent on the income tax return of any other person for 2007? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
16. On December 31, 2007:						
a. Were you: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Legally Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed						
b. If married, were you living together (with your husband/wife) <u>on/after June 30, 2007</u> ? <input type="checkbox"/> Yes <input type="checkbox"/> No						
c. Was your spouse deceased? If yes, provide the date of death, _____ (mm/dd/yyyy)						
17. Did you pay more than half the cost of keeping up the home for the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						

Part II. Family and Dependent Information – Do not include you or your spouse.

Print the name of everyone who lived in your home and outside your home that you supported during the year.

Name (first, last)	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship to you (son, daughter, etc.)	Number of months person lived with you in 2007	US Citizen, Resident of US, Canada or Mexico (yes or no)	Is the dependent a full time student born before 1989? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
PAUL JAMES	5/10/1990	151-XX-XXXX	SON	12	YES	NO
EMILY JONES	12/5/1988	152-XX-XXXX	DAUGHTER	12	YES	YES

Paperwork Reduction Act Notice

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Volunteer Preparer Instructions: In order to complete an accurate return you must conduct a thorough interview. This intake sheet does not constitute a complete interview. Remember to ask the taxpayer for all their documentation. Based on your interview with the taxpayer be sure to note changes to information on the intake sheet. Confirm information on page 1 with taxpayer.

Use the decision trees in **Publication 4012,**
Volunteer Resource Guide while discussing the questions below with the taxpayer.

Part III. Filing Status & Dependency Determination

Based on the interview, the filing status of the taxpayer is: Single MFJ MFS* HOH QW

*Spouse Name _____ Social Security Number _____

- Yes No 1. Did you provide more than 50% of the support for the dependents claimed?
 Yes No 2. Can anyone else claim any of these dependents on their income tax return?
 Yes No 3. Were any of these dependents permanently and totally disabled in 2007?
 Yes No 4. Did any of these dependents file a joint return for 2007?
_____ 2 _____ 5. Based on the interview, how many individuals qualify as dependents for this return?

COMMONLY USED INCOME AND EXPENSES

Part IV. Income – In 2007, did you (or your spouse) receive:

- Yes No 1. Wages or Salary (include W-2s for all jobs worked during the year)
 Yes No 2. Disability income
 Yes No 3. Interest/Dividends from: checking or savings account, bonds, CDs, or brokerage account
 Yes No 4. State tax refund (may be taxable if you itemized last year)
 Yes No 5. Alimony income
 Yes No 6. Tip income
 Yes No 7. Pension and/or IRA distribution
 Yes No 8. Unemployment (1099-G)
 Yes No 9. Social Security or Railroad Retirement Benefits (1099-SSA or RRB)
 Yes No 10. Self Employment Income - business, farm, hobby (1099-Misc or any earned income not reported on W-2)
 Yes No 11. Other Income such as gambling winnings, awards, prizes and Jury Duty pay, etc.

Part V. Adjustments – In 2007 did you (or your spouse) make:

- Yes No 1. Contributions to IRA, 401k or other retirement account
 Yes No 2. Alimony payments (if yes, you must provide the name and SSN of the recipient)
 Yes No 3. Education related expenses

Part VI. Itemized Deductions – Did you (or your spouse) have 2007 expenses for:

- Yes No 1. Un-reimbursed medical expenses
 Yes No 2. Home mortgage payments (interest and taxes – see Form 1098)
 Yes No 3. Charitable contributions

Part VII. Credits – In 2007 did you (or your spouse) have:

- Yes No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
 Yes No 2. Educational expenses for you (or your spouse) and/or your dependents
 Yes No 3. Retirement Contribution to a traditional IRA, Roth IRA or 401k as shown on Form W-2

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

- Yes No 1. Was EITC previously disallowed? (if yes, taxpayer may not be eligible for EITC)
 Yes No 2. Based on the interview, is the taxpayer qualified for EITC?

a Employee's social security number 150-XX-XXXX		Safe, accurate, FAST! Use  Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 05-1XXXXXX		1 Wages, tips, other compensation \$12,500	2 Federal income tax withheld \$800
c Employer's name, address, and ZIP code METRO LEGAL OFFICES 9650 PECAN YOUR CITY, STATE ZIP		3 Social security wages \$13,500	4 Social security tax withheld \$837
		5 Medicare wages and tips \$13,500	6 Medicare tax withheld \$196
		7 Social security tips	8 Allocated tips
d Control number		9 Advance EIC payment \$200.00	10 Dependent care benefits
e Employee's first name and initial BRENDA		Last name JAMES	
1492 COLUMBUS DRIVE YOUR CITY, STATE ZIP		11 Nonqualified plans	
f Employee's address and ZIP code		12a See instructions for box 12 D \$1,000.00	
13a <input type="checkbox"/> Disability income <input checked="" type="checkbox"/> Retirement plan <input type="checkbox"/> Non-qualified plan		12b	
14 Other		12c	
		12d	
15 State Employer's state ID number YS 05-1XXXXXX	16 State wages, tips, etc. \$12,500	17 State income tax \$124	18 Local wages, tips, etc.
			19 Local income tax
			20 Locality name

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

2007

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.

a Employee's social security number 150-XX-XXXX		Safe, accurate, FAST! Use  Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 05-2XXXXXX		1 Wages, tips, other compensation \$7,750	2 Federal income tax withheld \$858
c Employer's name, address, and ZIP code LARAMIE, SNEED, & COLT, PA 4007 OCEAN SIDE DRIVE, STE 500 YOUR CITY, STATE ZIP		3 Social security wages \$7,750	4 Social security tax withheld \$481
		5 Medicare wages and tips \$7,750	6 Medicare tax withheld \$112
		7 Social security tips	8 Allocated tips
d Control number		9 Advance EIC payment	10 Dependent care benefits
e Employee's first name and initial BRENDA L		Last name JAMES	
1492 COLUMBUS DRIVE YOUR CITY, STATE ZIP		11 Nonqualified plans	
f Employee's address and ZIP code		12a See instructions for box 12	
13a <input type="checkbox"/> Disability income <input type="checkbox"/> Retirement plan <input type="checkbox"/> Non-qualified plan		12b	
14 Other		12c	
		12d	
15 State Employer's state ID number YS 05-2XXXXXX	16 State wages, tips, etc. \$7,750	17 State income tax \$93	18 Local wages, tips, etc.
			19 Local income tax
			20 Locality name

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

2007

Department of the Treasury—Internal Revenue Service

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CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. FIRST NATIONAL BANK AND TRUST 1000 MAIN STREET YOUR CITY, STATE ZIP		Payer's RTN (optional) 1 Interest income \$ 87 2 Early withdrawal penalty \$	OMB No. 1545-0112 2007 Interest Income Form 1099-INT	
PAYER'S federal identification number 05-5XXXXXX	RECIPIENT'S identification number 150-XX-XXXX	3 Interest on U.S. Savings Bonds and Treas. obligations \$	Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
RECIPIENT'S name BRENDA JAMES Street address (including apt. no.) 1492 COLUMBUS DRIVE City, state, and ZIP code YOUR CITY, STATE ZIP Account number (see instructions)		4 Federal income tax withheld \$ 0		5 Investment expenses \$
		6 Foreign tax paid \$		7 Foreign country or U.S. possession \$
		8 Tax-exempt interest \$		9 Specified private activity bond interest \$
Form 1099-INT		(keep for your records)	Department of the Treasury - Internal Revenue Service	

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. SMALL CAP MUTUAL FUND 7900 BRIGHTON YOUR CITY, STATE ZIP		1a Total ordinary dividends \$ 117 1b Qualified dividends \$ 117	OMB No. 1545-0110 2007 Dividends and Distributions Form 1099-DIV	
PAYER'S federal identification number 05-4XXXXXX	RECIPIENT'S identification number 150-XX-XXXX	2a Total capital gain distt. \$ 80	Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
RECIPIENT'S name BRENDA LAND JAMES Street address (including apt. no.) 1492 COLUMBUS DRIVE City, state, and ZIP code YOUR CITY, STATE ZIP Account number (see instructions)		2c Section 1202 gain \$		2d Unrecap. Sec. 1250 gain \$
		3 Nondividend distributions \$		4 Federal income tax withheld \$ 0
		5 Foreign tax paid \$		6 Investment expenses \$
		7 Cash liquidation distributions \$	8 Foreign country or U.S. possession \$	
		9 Noncash liquidation distributions \$	10 Specified private activity bond interest \$	
Form 1099-DIV		(keep for your records)	Department of the Treasury - Internal Revenue Service	

Form **1040**

Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return 2007

(99) IRS Use Only—Do not write or staple in this space

Label

(See instructions on page 16.)
Use the IRS label. Otherwise, please print or type.

For the year Jan. 1-Dec. 31, 2007, or other tax year beginning 2007, ending 20		OMB No. 1545-0074
Your first name and initial BRENDA L	Last name JAMES	Your social security number 150 XX XXXX
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
Home address (number and street), if you have a P.O. box, see page 16. 149 COLUMBUS DRIVE		Apt. no.
City, town or post office, state, and ZIP code. If you have a foreign address, see page 16. YOUR CITY, STATE ZIP		<input type="checkbox"/> You must enter your SSN(s) above.

Presidential Election Campaign

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16) You Spouse

Filing Status

Check only one box.

- 1 Single
- 2 Married filing jointly (even if only one had income)
- 3 Married filing separately. Enter spouse's SSN above and full name here. ▶
- 4 Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
- 5 Qualifying widow(er) with dependent child (see page 17)

Exemptions

If more than four dependents, see page 19.

6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a					Boxes checked on 6a and 6b	1
b <input type="checkbox"/> Spouse					No. of children on 6c who:	2
c Dependents:						
(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> Qualifying child for child tax credit (see page 16)		
PAUL	JAMES	151 XX XXXX	SON	<input type="checkbox"/>		
EMILY	JAMES	125 XX XXXX	DAUGHTER	<input type="checkbox"/>		
d Total number of exemptions claimed					Add numbers on lines above ▶	3

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see page 23.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	20250
8a	Taxable interest. Attach Schedule B if required	8a	87
b	Tax-exempt interest. Do not include on line 8a	8b	
9a	Ordinary dividends. Attach Schedule B if required	9a	117
b	Qualified dividends (see page 23)	9b	117
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 24)	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	
14	Other gain or (losses). Attach Form 4797	14	
15a	IRA distributions	15a	
b	Taxable amount (see page 25)	15b	
16a	Pensions and annuities	16a	
b	Taxable amount (see page 26)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits	20a	
b	Taxable amount (see page 27)	20b	
21	Other income. List type and amount (see page 29)	21	
22	Add the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	20454

Adjusted Gross Income

23	Educator expenses (see page XX)	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25	Health savings account deduction. Attach Form 8889	25	
26	Moving expenses. Attach Form 3903	26	
27	One-half of self-employment tax. Attach Schedule SE	27	
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction (see page 29)	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN ▶	31a	
32	IRA deduction (see page 31)	32	
33	Student loan interest deduction (see page 33)	33	
34	Tuition and fees deduction. Attach Form 8917	34	
35	Domestic production activities deduction. Attach Form 8803	35	
36	Add lines 23 through 31a and 32 through 35	36	
37	Subtract line 36 from line 22. This is your adjusted gross income ▶	37	20454

For Disclosures, Privacy Act, and Paperwork Reduction Act Notice, see page 80.

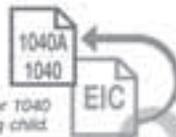
Cat. No. 11320B

Form **1040** (2007)

Tax and Credits		38	Amount from line 37 (adjusted gross income)	38	20454
39a Check <input type="checkbox"/> You were born before January 2, 1943, <input type="checkbox"/> Blind. Total boxes checked ▶ 39a					
if: <input type="checkbox"/> Spouse was born before January 2, 1943, <input type="checkbox"/> Blind. <input type="checkbox"/>					
b If your spouse itemizes on a separate return or you are a dual status alien, see page 34 and check here ▶ 39b <input type="checkbox"/>					
40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)		40		40	7850
41 Subtract line 40 from line 38		41		41	12604
42 If line 38 is \$117,500 or less, multiply \$3,400 by the total number of exemptions claimed on line 6c. If line 38 is over \$117,500, see the worksheet on page XX		42		42	10200
43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		43		43	2404
44 Tax (see page 36). Check if any tax is from: a <input type="checkbox"/> Form(s) 994 b <input type="checkbox"/> Form 997 c <input type="checkbox"/> Form(s) 999		44		44	241
45 Alternative minimum tax (see page 35). Attach Form 6251		45		45	
46 Add lines 44 and 45		46		46	241
47 Credit for child and dependent care expenses. Attach Form 2441		47		47	
48 Credit for the elderly or the disabled. Attach Schedule R		48		48	
49 Education credits. Attach Form 8863		49		49	
50 Residential energy credits. Attach Form 5695		50		50	
51 Foreign tax credit. Attach Form 1116 if required		51		51	
52 Child tax credit (see page 30). Attach Form 8901 if required		52		52	
53 Retirement savings contributions credit. Attach Form 8880		53		53	
54 Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8859 c <input type="checkbox"/> Form 8839		54		54	
55 Other credits: a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Form		55		55	
56 Add lines 47 through 55. These are your total credits		56		56	
57 Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-		57		57	241
Other Taxes					
58 Self-employment tax. Attach Schedule SE		58		58	
59 Unreported social security and Medicare tax from: a <input type="checkbox"/> Form 4137 b <input type="checkbox"/> Form 8919		59		59	
60 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required		60		60	
61 Advance earned income credit payments from Form(s) W-2, box 9		61		61	
62 Household employment taxes. Attach Schedule H		62		62	
63 Add lines 57 through 62. This is your total tax		63		63	241
Payments					
64 Federal income tax withheld from Forms W-2 and 1099		64	1188	64	1188
65 2007 estimated tax payments and amount applied from 2006 return		65		65	
66a Earned income credit (EIC)		66a	3545	66a	3545
b Nontaxable combat pay election ▶ 66b					
67 Excess social security and tier 1 RRTA tax withheld (see page 60)		67		67	
68 Additional child tax credit. Attach Form 8812		68		68	
69 Amount paid with request for extension to file (see page 60)		69		69	
70 Payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 c <input type="checkbox"/> Form 8865		70		70	
71 Refundable credit for prior year minimum tax from Form 8801, line 27		71		71	
72 Add lines 64, 65, 66a, and 67 through 71. These are your total payments		72		72	4833
Refund					
73 If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid		73		73	4592
74a Amount of line 73 you want refunded to you. If Form 8878 is attached, check here ▶ <input type="checkbox"/>		74a		74a	4592
▶ b Routing number					
▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings					
▶ d Account number					
75 Amount of line 73 you want applied to your 2006 estimated tax ▶		75		75	
Amount You Owe					
76 Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 62 ▶		76		76	
77 Estimated tax penalty (see page 62)		77		77	
Third Party Designee					
Do you want to allow another person to discuss this return with the IRS (see page 63)? <input type="checkbox"/> Yes. Complete the following. <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 page 17. Keep a copy for your records. ▶	Your signature	Date	Your occupation	Daytime phone number	() () - () () () ()
	Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	Yr Phone	() () - () () () ()
Paid Preparer's Use Only					
Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN		S42026666
Firm's name (or yours if self-employed), address, and ZIP code ▶	City	State	ZIP		
	Phone no. () - () - ()				

SCHEDULE EIC
(Form 1040A or 1040)

Earned Income Credit
Qualifying Child Information



OMB No. 1545-0074

2007

Attachment
Sequence No. **43**

Department of the Treasury
Internal Revenue Service (99)

Complete and attach to Form 1040A or 1040
only if you have a qualifying child.

Name(s) shown on return

BRENDA JAMES

Your social security number

150 | XX | XXXX

Before you begin: See the instructions for Form 1040A, lines 40a and 40b, or Form 1040, lines 66a and 66b, to make sure that (a) you can take the EIC, and (b) you have a qualifying child.



- If you take the EIC even though you are not eligible, you may not be allowed to take the credit for up to 10 years. See back of schedule for details.
- It will take us longer to process your return and issue your refund if you do not fill in all lines that apply for each qualifying child.
- Be sure the child's name on line 1 and social security number (SSN) on line 2 agree with the child's social security card. Otherwise, at the time we process your return, we may reduce or disallow your EIC. If the name or SSN on the child's social security card is not correct, call the Social Security Administration at 1-800-772-1213.

Qualifying Child Information

Child 1

Child 2

	First name	Last name	First name	Last name		
1 Child's name If you have more than two qualifying children, you only have to list two to get the maximum credit.	PAUL	JAMES	EMILY	JAMES		
2 Child's SSN The child must have an SSN as defined on page 43 of the Form 1040A instructions or page 49 of the Form 1040 instructions unless the child was born and died in 2007. If your child was born and died in 2007 and did not have an SSN, enter "Died" on this line and attach a copy of the child's birth certificate.	151	XX	XXXX	125	XX	XXXX
3 Child's year of birth	Year <u>1</u> <u>9</u> <u>9</u> <u>0</u> <i>If born after 1955, skip lines 4a and 4b; go to line 5.</i>		Year <u>1</u> <u>9</u> <u>8</u> <u>8</u> <i>If born after 1955, skip lines 4a and 4b; go to line 5.</i>			
4 If the child was born before 1989—						
a Was the child under age 24 at the end of 2007 and a student?	<input type="checkbox"/> Yes. <i>Go to line 5.</i>	<input type="checkbox"/> No. <i>Continue.</i>	<input checked="" type="checkbox"/> Yes. <i>Go to line 5.</i>	<input type="checkbox"/> No. <i>Continue.</i>		
b Was the child permanently and totally disabled during any part of 2007?	<input type="checkbox"/> Yes. <i>Continue.</i>	<input type="checkbox"/> No. <i>The child is not a qualifying child.</i>	<input type="checkbox"/> Yes. <i>Continue.</i>	<input type="checkbox"/> No. <i>The child is not a qualifying child.</i>		
5 Child's relationship to you (for example, son, daughter, grandchild, niece, nephew, foster child, etc.)	SON		DAUGHTER			
6 Number of months child lived with you in the United States during 2007 • If the child lived with you for more than half of 2007 but less than 7 months, enter "7." • If the child was born or died in 2007 and your home was the child's home for the entire time he or she was alive during 2007, enter "12."	12 months <i>Do not enter more than 12 months.</i>		12 months <i>Do not enter more than 12 months.</i>			



You may also be able to take the additional child tax credit if your child (a) was under age 17 at the end of 2007, and (b) is a U.S. citizen or resident alien. For more details, see the instructions for line 41 of Form 1040A or line 68 of Form 1040.

For Paperwork Reduction Act Notice, see Form 1040A or 1040 instructions.

Cat. No. 133596A

Schedule EIC (Form 1040A or 1040) 2007

Worksheet **A**—Earned Income Credit (EIC)—Lines 66a and 66b *Keep for Your Records* 

Before you begin: ✓ Be sure you are using the correct worksheet. Use this worksheet only if you answered "No" to Step 5, question 3, on page 48. Otherwise, use Worksheet B that begins on page 51.

Part 1

All Filers Using Worksheet A

1. Enter your earned income from Step 5 on page 48. 20,250

2. Look up the amount on line 1 above in the EIC Table on pages 53–59 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here. 3,687

If line 2 is zero,  You cannot take the credit. Enter "No" on the dotted line next to line 66a.

3. Enter the amount from Form 1040, line 38. 20,454

4. Are the amounts on lines 3 and 1 the same?
 Yes. Skip line 5; enter the amount from line 2 on line 6.
 No. Go to line 5.

Part 2

Filers Who Answered "No" on Line 4

5. If you have:
 • No qualifying children, is the amount on line 3 less than \$7,000 (\$9,000 if married filing jointly)?
 • 1 or more qualifying children, is the amount on line 3 less than \$15,400 (\$17,400 if married filing jointly)?
 Yes. Leave line 5 blank; enter the amount from line 2 on line 6.
 No. Look up the amount on line 3 in the EIC Table on pages 53–59 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here. 3,645
 Look at the amounts on lines 5 and 2. Then, enter the **smaller** amount on line 6.

Part 3

Your Earned Income Credit

6. This is your earned income credit. 3,645
 Enter this amount on Form 1040, line 66a.

Reminder—

✓ If you have a qualifying child, complete and attach Schedule EIC.



If your EIC for a year after 1996 was reduced or disallowed, see page 49 to find out if you must file Form 8862 to take the credit for 2007.

Basic Scenario 8: Test Questions

Directions

You are conducting a quality review of Brenda's tax return, which was prepared by another volunteer tax preparer. Brenda is sitting with you as you conduct the review. Using Form 13614, your resource materials, and all of the taxpayer's documents, review the tax return and answer the questions below.

- 8.1** Which name is entered incorrectly on Form 1040?
- a. Brenda
 - b. Paul
 - c. Emily
 - d. All are correct
- 8.2** Which social security number is entered incorrectly on Form 1040?
- a. Emily
 - b. Paul
 - c. Brenda
 - d. All are correct
- 8.3** What information did the volunteer fail to enter from Form 1099-DIV?
- a. Ordinary dividends
 - b. Qualified dividends
 - c. Capital gain distributions
 - d. All are correct
- 8.4** Which of the following credits does Brenda qualify for, but was not included on her return?
- a. Education Credit
 - b. Child Tax Credit
 - c. Retirement Savings Contributions Credit
 - d. Additional Child Tax Credit
- 8.5** What is the correct entry on line 64 of Form 1040? \$ _____.
- 8.6** You can't remember which bank numbers should be entered for direct deposit. What tab in Publication 4012, Volunteer Resource Guide, provides pointers for direct deposit?
- a. Who Must File/Which Form
 - b. Adjustments
 - c. Deductions
 - d. Finishing the Return

2007 6744 Test – Intermediate Course

Intermediate Scenario 1: Paul Harvard

Taxpayer Paul Harvard is a general construction worker in Arizona. He is divorced and has one child. Paul cannot claim the child on his return.

Taxpayer Documents

- Social security card for Paul Harvard
- Forms W-2
- Forms W-2G
- Form 1099-INT
- Form 1098
- Form 1098-E
- Form 1099-R

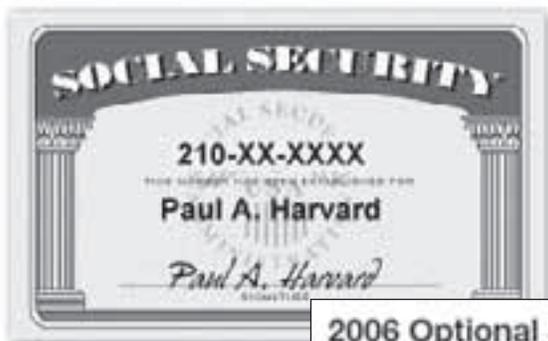
Note Before completing this scenario, refer to the directions listed before the scenario questions.

Interview Notes

- Paul won a poker tournament in 2007. He received a form from the casino, but doesn't think he should report the winnings because his records show he lost \$8,645 that weekend. Paul also purchased 50 \$2 lottery tickets, none of which won.
- Paul bought a certificate of deposit in 2006. It has matured and he received a 1099-INT from the bank.
- Paul paid \$850 in interest on his student loan in 2007 and received Form 1098-E. He also brought in a letter from a financial institution stating that he paid an additional \$1,723 in student loan interest.
- Paul served on a jury and received \$90. He kept \$50 of the monies from jury duty and turned over \$40 to his employer. Paul's employer continued to pay his wages while he served on jury duty.
- When Paul changed jobs in 2007, he cashed out his 401K. He received Form 1099-R for that distribution, and he had taxes withheld.
- Pursuant to his divorce, which became final in 2004, Paul pays his ex-wife \$550 a month in alimony and \$330 a month in child support. His ex-wife's SSN is 211-XX-XXXX.
- Paul paid state sales tax in 2007; he did not pay local sales tax.

Interview Notes
(continued)

- Paul has never itemized his deductions but thinks he may have enough this year since he purchased a home in March. Paul gives you receipts, statements, or cancelled checks for the following items he would like to deduct:
 - Interest on car loan \$1,738
 - Medical insurance premiums paid \$1,300
 - Unreimbursed medical and dental bills \$830
 - Non-prescription medicine \$411
 - Vehicle registration fees based on the value of his car \$120
 - Donation to United Way \$55
 - He donated \$25 in cash to a homeless person who approached him on the street.
 - Contributions to his church paid throughout the year \$520
 - Gave away clothes with a garage sale value of \$118 to Salvation Army. The clothing was in good used condition.
 - Paul paid \$550 in union dues.
 - Homeowner's association charges were \$80 per month which he paid from March - December 2007.
 - Receipts for safety glasses for work \$93, and Levi jeans \$72 that were purchased for work
 - Safe deposit box \$30 (Paul keeps savings bonds and jewelry in the safe deposit box)
 - Premiums for his mortgage insurance \$1,011, as shown on Form 1098



The 2007 Sales Tax Tables were not available at the time this publication went to print. For purposes of the test/retest, use the 2006 Sales Tax Tables provided.

Income	Exemptions	Over					Exemptions	Over					Exemptions	Over					
		1	2	3	4	5		1	2	3	4	5		1	2	3	4	5	
At least	But less than	Alabama 4.0000%					Arizona 5.6000%					Arkansas 6.0000%							
\$0	\$20,000	291	238	283	282	298	320	200	218	226	233	239	247	314	389	388	410	428	489
20,000	30,000	314	370	406	437	461	484	368	387	404	418	428	442	519	591	636	674	703	744
30,000	40,000	371	436	480	514	542	582	444	480	502	518	531	549	625	712	788	811	848	894
40,000	50,000	419	490	543	581	612	656	521	563	586	608	623	644	717	819	891	930	970	1025
50,000	60,000	463	544	598	640	675	723	582	638	666	691	708	731	801	911	982	1037	1081	1143
60,000	70,000	509	600	654	694	731	784	655	710	743	767	787	813	877	987	1076	1136	1184	1261
70,000	80,000	540	634	688	745	785	841	721	779	815	841	862	891	950	1060	1154	1228	1281	1363
80,000	90,000	575	674	741	792	834	893	781	843	882	911	934	964	1017	1136	1245	1316	1371	1448
90,000	100,000	608	713	782	836	881	943	836	905	947	977	1002	1036	1082	1229	1325	1397	1467	1539
100,000	120,000	652	763	837	895	942	1009	914	987	1033	1067	1090	1130	1167	1325	1428	1506	1570	1658
120,000	140,000	711	832	913	975	1027	1099	1021	1103	1153	1191	1221	1261	1284	1456	1571	1657	1726	1823
140,000	160,000	763	892	979	1045	1100	1177	1116	1205	1261	1302	1334	1379	1397	1574	1696	1786	1864	1969
160,000	180,000	815	953	1044	1115	1173	1255	1212	1309	1369	1414	1449	1497	1490	1691	1821	1920	2001	2132
180,000	200,000	862	1007	1103	1178	1238	1325	1289	1403	1466	1518	1554	1606	1584	1796	1936	2040	2125	2243
200,000 or more		1008	1278	1396	1491	1588	1675	1751	1892	1978	2043	2095	2164	2088	2325	2505	2640	2730	2902

You (and Spouse) will need:

- *Proof of Identity*
- *Copies of ALL W-2, 1098, 1099 forms*
- *Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return*
- *Child care provider's identification number*
- *Banking information (checking and/or savings account) for direct deposit/debit*
- *Amounts/dates of estimated or other tax payments made, etc.*
- *Amounts of other income*

Part I: Taxpayer Information

1. Your First Name PAUL		M.I. A	Last Name HARVARD		2. SSN or ITIN 2 1 0 - X X - X X X X	
3. Date of Birth (mm/dd/yyyy) 08 / 10 / 1974	4. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		5. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		6. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
7. Spouse's First Name		M.I.	Last Name		8. SSN or ITIN	
9. Date of Birth (mm/dd/yyyy)	10. US Citizen or Resident Alien <input type="checkbox"/> Yes <input type="checkbox"/> No		11. Legally Blind <input type="checkbox"/> Yes <input type="checkbox"/> No		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input type="checkbox"/> No	
13. Address 847 MARTY			Apt #	City PHOENIX	State AZ	Zip Code 85013
14. Phone Number and e-mail address Phone: () YOUR PHONE NUMBER e-mail:				15. Can you or your spouse be claimed as a dependent on the income tax return of any other person for 2007? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
16. On December 31, 2007:						
a. Were you: <input type="checkbox"/> Single <input type="checkbox"/> Legally Married <input type="checkbox"/> Separated <input checked="" type="checkbox"/> Divorced <input type="checkbox"/> Widowed						
b. If married, were you living together (with your husband/wife) <u>on/after June 30, 2007</u> ? <input type="checkbox"/> Yes <input type="checkbox"/> No						
c. Was your spouse deceased? If yes, provide the date of death. _____ (mm/dd/yyyy)						
17. Did you pay more than half the cost of keeping up the home for the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						

Part II. Family and Dependent Information – Do not include you or your spouse.

Print the name of everyone who lived in your home and outside your home that you supported during the year.

Name (first, last)	Date of Birth (mm/dd/yyyy)	Social Security Number or ITIN	Relationship to you (son, daughter, etc.)	Number of months person lived with you in 2007	US Citizen, Resident of US, Canada or Mexico (yes or no)	Is the dependent a full time student born before 1980? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)

Paperwork Reduction Act Notice

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.

Catalog Number 38936A

Form **13614** (Rev. 7-2007)

Page 2 TO BE COMPLETED WITH CERTIFIED VOLUNTEER

Volunteer Preparer Instructions: In order to complete an accurate return you must conduct a thorough interview. This intake sheet does not constitute a complete interview. **Remember to ask the taxpayer for all their documentation.** Based on your interview with the taxpayer be sure to note changes to information on the intake sheet. Confirm information on page 1 with taxpayer.

Use the decision trees in **Publication 4012,**
Volunteer Resource Guide while discussing the questions below with the taxpayer.

Part III. Filing Status & Dependency Determination

Based on the interview, the filing status of the taxpayer is: Single MFJ MFS* HOH QW

*Spouse Name _____ Social Security Number _____

- Yes No 1. Did you provide more than 50% of the support for the dependents claimed?
 Yes No 2. Can anyone else claim any of these dependents on their income tax return?
 Yes No 3. Were any of these dependents permanently and totally disabled in 2007?
 Yes No 4. Did any of these dependents file a joint return for 2007?
_____ 5. Based on the interview, how many individuals qualify as dependents for this return?

COMMONLY USED INCOME AND EXPENSES

Part IV. Income – In 2007, did you (or your spouse) receive:

- Yes No 1. Wages or Salary (include W-2s for all jobs worked during the year)
 Yes No 2. Disability income
 Yes No 3. Interest/Dividends from: checking or savings account, bonds, CDs, or brokerage account
 Yes No 4. State tax refund (may be taxable if you itemized last year)
 Yes No 5. Alimony income
 Yes No 6. Tip income
 Yes No 7. Pension and/or IRA distribution
 Yes No 8. Unemployment (1099-G)
 Yes No 9. Social Security or Railroad Retirement Benefits (1099-SSA or RRB)
 Yes No 10. Self Employment Income - business, farm, hobby (1099-Misc or any earned income not reported on W-2)
 Yes No 11. Other Income such as gambling winnings, awards, prizes and Jury Duty pay, etc.

Part V. Adjustments – In 2007 did you (or your spouse) make:

- Yes No 1. Contributions to IRA, 401k or other retirement account
 Yes No 2. Alimony payments (if yes, you must provide the name and SSN of the recipient)
 Yes No 3. Education related expenses.

Part VI. Itemized Deductions – Did you (or your spouse) have 2007 expenses for:

- Yes No 1. Un-reimbursed medical expenses
 Yes No 2. Home mortgage payments (interest and taxes – see Form 1098)
 Yes No 3. Charitable contributions

Part VII. Credits – In 2007 did you (or your spouse) have:

- Yes No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
 Yes No 2. Educational expenses for you (or your spouse) and/or your dependents
 Yes No 3. Retirement Contribution to a traditional IRA, Roth IRA or 401k as shown on Form W-2

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

- Yes No 1. Was EITC previously disallowed? (if yes, taxpayer may not be eligible for EITC)
 Yes No 2. Based on the interview, is the taxpayer qualified for EITC?

a Employee's social security number 210 - XX - XXXX		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile.		
b Employer identification number (EIN) 11-1XXXXXX		1 Wages, tips, other compensation \$41,367	2 Federal income tax withheld \$5,411			
c Employer's name, address, and ZIP code PHOENIX RISING CONSTRUCTION CO 3604 FORREST TRAIL PHOENIX, AZ 85501		3 Social security wages \$41,367	4 Social security tax withheld \$2,565			
		5 Medicare wages and tips \$41,367	6 Medicare tax withheld \$600			
		7 Social security tips	8 Allocated tips			
		9 Advance EIC payment	10 Dependent care benefits			
d Control number						
e Employee's first name and initial PAUL A HARVARD		Last name 847 MARTY		Suffix PHOENIX, AZ 85013		
f Employee's address and ZIP code		11 Nonqualified plans		12a See instructions for box 12		
		13 Health coverage <input type="checkbox"/> Health plan <input type="checkbox"/> Supplement plan <input type="checkbox"/> Tax-advantaged plan <input type="checkbox"/>		12b		
		14 Other		12c		
				12d		
15 State AZ	Employer's state ID number 11-1XXXXXX	16 State wages, tips, etc. \$41,367	17 State income tax \$1,145	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement **2007** 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.

a Employee's social security number 210 - XX - XXXX		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile.		
b Employer identification number (EIN) 11-5XXXXXX		1 Wages, tips, other compensation \$2,000	2 Federal income tax withheld \$115			
c Employer's name, address, and ZIP code SHORT HAUL MOVERS 7850 WINDTALKER PHOENIX, AZ 85501		3 Social security wages \$2,200	4 Social security tax withheld \$136			
		5 Medicare wages and tips \$2,200	6 Medicare tax withheld \$32			
		7 Social security tips	8 Allocated tips			
		9 Advance EIC payment	10 Dependent care benefits			
d Control number						
e Employee's first name and initial PAUL A HARVARD		Last name 847 MARTY		Suffix PHOENIX, AZ 85013		
f Employee's address and ZIP code		11 Nonqualified plans		12a See instructions for box 12		
		13 Health coverage <input type="checkbox"/> Health plan <input checked="" type="checkbox"/> Supplement plan <input type="checkbox"/> Tax-advantaged plan <input type="checkbox"/>		12b D \$200.00		
		14 Other		12c		
				12d		
15 State AZ	Employer's state ID number 11-5XXXXXX	16 State wages, tips, etc. \$2,000	17 State income tax \$60	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement **2007** 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, state, ZIP code, and telephone no. ZIA SAVINGS AND LOAN 5250 DOUGLAS PHOENIX, AZ 85622		Payer's RTN (optional) 1 Interest income \$ 523		OMB No. 1545-0112 2007 Interest Income Form 1099-INT
		2 Early withdrawal penalty \$		
PAYER'S federal identification number 11-2XXXXXX	RECIPIENT'S identification number 210-XX-XXXX	3 Interest on U.S. Savings Bonds and Treas. obligations \$		Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013 Account number (see instructions)		4 Federal income tax withheld \$	5 Investment expenses \$	
		6 Foreign tax paid \$	7 Foreign country or U.S. possession	
		8 Tax-exempt interest \$	9 Specified private activity bond interest \$	

Form 1099-INT (keep for your records) Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code SOUTHWEST FIDELITY 9910 OAK KNOLL YOUR CITY, STATE ZIP		1 Gross distribution \$ 3350		OMB No. 1545-0119 2007 Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Form 1099-R
		2a Taxable amount \$ 3350		
PAYER'S federal identification number 11-7XXXXXX	RECIPIENT'S identification number 210-XX-XXXX	2b Taxable amount not determined <input type="checkbox"/> Total distribution <input checked="" type="checkbox"/>		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the Internal Revenue Service.
RECIPIENT'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013 Account number (see instructions)		3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ 385	
		5 Employee contributions / Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$	
		7 Distribution code(s) 1	8 Other \$ %	
		9a Your percentage of total distribution %	9b Total employee contributions \$	
		10 State tax withheld \$ 226	11 State/Payer's state no.	12 State distribution \$
		13 Local tax withheld \$	14 Name of locality	15 Local distribution \$

Form 1099-R Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, address, ZIP code, federal identification number, and telephone number DEALERS CHOICE CASINO 7261 S VIRGINIA ST RENO, NV 98566 11-3XXXXXX	1 Gross winnings 6,700.00	2 Federal income tax withheld 1,375.00	OMB No. 1545-0038 2007 Form W-2G Certain Gambling Winnings	
	3 Type of wager POKER TOURNAMENT	4 Date won 10 : 15 : 2007		
	5 Transaction	6 Race		
	7 Winnings from identical wagers	8 Cashier 7522		
WINNER'S name, address (including apt. no.), and ZIP code PAUL A HARVARD 847 MARTY PHOENIX, AZ 85013	9 Winner's taxpayer identification no. 210-XX-XXXX	10 Window	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 2, attach this copy to your return.	
	11 First I.D.	12 Second I.D.		
	13 State/Payer's state identification no. 11-3XXXXXX	14 State income tax withheld 0.00		
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 the payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.				
Signature → <i>Paul A. Harvard</i>		Date → <i>10/15/2007</i>		

Form **W-2G** Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

RECIPIENT'S/LENDER'S name, address, and telephone number FIRST MORTGAGE COMPANY 9800 WENGLER WAY YOUR CITY, STATE ZIP		* Caution: The amount shown may not be fully deductible by you (limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.	OMB No. 1545-0001 2007 Form 1098	Mortgage Interest Statement
RECIPIENT'S federal identification no. 11-4XXXXXX	PAYER'S social security number 210-XX-XXXX	1 Mortgage interest received from payer(s)/borrower(s) \$ 3,150	Copy B For Payer The information in boxes 1, 2, 3, and 4 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for the mortgage interest or for these points or because you did not report the refund of interest on your return.	
PAYER'S/BORROWER'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013		2 Points paid on purchase of principal residence \$		
Account number (see instructions)		3 Refund of overpaid interest \$		
Account number (see instructions)		4 Mortgage insurance premiums \$ 1011		
Account number (see instructions)		5 REAL ESTATE TAXES \$917		
Form 1098		(keep for your records)	Department of the Treasury - Internal Revenue Service	

CORRECTED (if checked)

RECIPIENT'S/LENDER'S name, address, and telephone number Financial Aid Partners 666 Lincoln PHOENIX, AZ 85622		OMB No. 1545-1570 2007 Form 1098-E	Student Loan Interest Statement
RECIPIENT'S federal identification no. 11-8XXXXXX	BORROWER'S social security number 210-XX-XXXX	1 Student loan interest received by lender \$ 850	Copy B For Borrower This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for student loan interest.
BORROWER'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013		2 Box 1 includes loan origination fees and/or capitalized interest (if checked) <input type="checkbox"/>	
Account number (see instructions)			
Account number (see instructions)			
Form 1098-E		(keep for your records)	Department of the Treasury - Internal Revenue Service

Intermediate Scenario 1: Test Questions

Directions

Using your resource materials and interview notes, complete Form 1040 through line 64, complete Schedule A, complete any other applicable worksheets and answer the following questions. You are a volunteer at site S21012222.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 9.1** Paul's total adjustments to income on line 36 of Form 1040 is \$_____
- 9.2** What amount is on line 1 of Schedule A in the Medical and Dental Expenses section? \$_____
- 9.3** What is Paul's tax expense on line 9 of Schedule A?
- a. \$120
 - b. \$917
 - c. \$1,440
 - d. \$2,477
- 9.4** What amount is on line 15 of Schedule A in the Interest You Paid section? \$_____
- 9.5** The sum of Paul's gifts to charity, listed on line 19 of Schedule A, is:
- a. \$718
 - b. \$520
 - c. \$575
 - d. \$693
- 9.6** What amount is on line 23 of Schedule A in the Job Expenses and Certain Miscellaneous Deductions section? \$_____
- 9.7** What is the total of Paul's other miscellaneous deductions on line 28 of Schedule A? \$_____
- 9.8** What is the amount of additional tax imposed on the early withdrawal from qualified retirement plans on line 60 on Form 1040? \$_____
- 9.9** How much can Paul deduct as an adjustment to income for alimony paid on line 31a on Form 1040? \$_____

- 9.10** What tab of Publication 4012, Volunteer Resource Guide, includes references on standard and itemized deductions?
- a. Income
 - b. Adjustments
 - c. Deductions
 - d. Credits
- 9.11** What is the total federal income tax withholding reported on all of Paul's income reporting documents listed on line 64 of Form 1040?
- a. \$5,526
 - b. \$5,911
 - c. \$6,901
 - d. \$7,286
- 9.12** What tab of 4012, Volunteer Resource Guide, includes a table showing the limit on Student Loan Interest Deduction?
- a. Credits
 - b. Deductions
 - c. Adjustments
 - d. Income

Intermediate Scenario 2: George and Alberta Farmer

Taxpayer George and Alberta completed Form 13614, Intake and Interview Sheet, and want to file together.

Taxpayer Documents

- Social security card for George C. Farmer
- Social security card for Alberta L. Farmer
- Form W-2 for Alberta Farmer
- Form 1099-INT
- Form 1099-DIV
- Form 1099-MISC
- Forms 1099-R
- Form SSA-1099 for George Farmer

Note Before completing this scenario, refer to the directions listed before the scenario questions.

Interview Notes

- George retired in 2004 and is receiving a pension and social security.
- George began doing consulting work on a gardening book in June 2007. This requires him to travel to public and private gardens. He received Form 1099-MISC, which included all income from this business.
- George has written records for all of his business expenses:
 - August 26, 2007, he purchased a truck used primarily for business travel (he has another car for personal use). He logged 5,300 miles on the truck including 5,100 miles for business use.
 - He paid \$110 for parking and \$55 for an oil change
 - Office expenses (paper, postage, envelopes, etc.) of \$216.
 - Long distance phone calls \$94.
- Alberta works part-time at a nursing home as a cook. Because she doesn't have a retirement plan, she contributed \$1,000 on January 2, 2008 to a traditional IRA for tax year 2007.
- Alberta took \$4,500 out of her IRA to pay some household bills.
- They received \$244 interest on municipal bonds they own, but did not get a statement from the city that issued the bonds. The city issuing the bonds was Your City.

- They have not itemized their deductions since their home was paid off four years ago and do not want to itemize this year.
- The Farmers remodeled their home this year and installed energy efficient windows. They have the manufacturer's certification that it qualifies for the energy credit. The total cost was \$4,000. (\$3,000 for the windows and \$1,000 for the installation.) The Farmers did not file a Form 5695 for tax year 2006.



You (and Spouse) will need:

- *Proof of Identity*
- *Copies of ALL W-2, 1098, 1099 forms*
- *Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return*
- *Child care provider's identification number*
- *Banking information (checking and/or savings account) for direct deposit/debit*
- *Amounts/dates of estimated or other tax payments made, etc.*
- *Amounts of other income*

Part I: Taxpayer Information

1. Your First Name GEORGE		M.I. C	Last Name FARMER		2. SSN or ITIN 2 2 0 - X X - X X X X		
3. Date of Birth (mm/dd/yyyy) 03 / 17 / 1940	4. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		5. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		6. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
7. Spouse's First Name ALBERTA		M.I. L	Last Name FARMER		8. SSN or ITIN 2 2 1 - X X - X X X X		
9. Date of Birth (mm/dd/yyyy) 11 / 22 / 1948	10. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		11. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
13. Address 1551 BALTIC			Apt #	City YOUR CITY		State YS	Zip Code YOUR ZIP
14. Phone Number and e-mail address Phone: () YOUR PHONE NUMBER e-mail:				15. Can you or your spouse be claimed as a dependent on the income tax return of any other person for 2007? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
16. On December 31, 2007:							
a. Were you: <input type="checkbox"/> Single <input checked="" type="checkbox"/> Legally Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed							
b. If married, were you living together (with your husband/wife) <u>on/after June 30, 2007</u> ? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
c. Was your spouse deceased? If yes, provide the date of death. _____ (mm/dd/yyyy)							
17. Did you pay more than half the cost of keeping up the home for the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							

Part II. Family and Dependent Information – Do not include you or your spouse.

Print the name of everyone who lived in your home and outside your home that you supported during the year.

Name (first, last)	Date of Birth (mm/dd/yyyy)	Social Security Number or ITIN	Relationship to you (son, daughter, etc.)	Number of months person lived with you in 2007	US Citizen, Resident of US, Canada or Mexico (yes or no)	Is the dependent a full time student born before 1980? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)

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Volunteer Preparer Instructions: In order to complete an accurate return you must conduct a thorough interview. This intake sheet does not constitute a complete interview. Remember to ask the taxpayer for all their documentation. Based on your interview with the taxpayer be sure to note changes to information on the intake sheet. Confirm information on page 1 with taxpayer.

Use the decision trees in **Publication 4012,**
Volunteer Resource Guide while discussing the questions below with the taxpayer.

Part III. Filing Status & Dependency Determination

Based on the interview, the filing status of the taxpayer is: Single MFJ MFS* HOH QW

*Spouse Name _____ Social Security Number _____

- Yes No 1. Did you provide more than 50% of the support for the dependents claimed?
 Yes No 2. Can anyone else claim any of these dependents on their income tax return?
 Yes No 3. Were any of these dependents permanently and totally disabled in 2007?
 Yes No 4. Did any of these dependents file a joint return for 2007?
_____ 5. Based on the interview, how many individuals qualify as dependents for this return?

COMMONLY USED INCOME AND EXPENSES

Part IV. Income – In 2007, did you (or your spouse) receive:

- Yes No 1. Wages or Salary (include W-2s for all jobs worked during the year)
 Yes No 2. Disability income
 Yes No 3. Interest/Dividends from: checking or savings account, bonds, CDs, or brokerage account
 Yes No 4. State tax refund (may be taxable if you itemized last year)
 Yes No 5. Alimony income
 Yes No 6. Tip income
 Yes No 7. Pension and/or IRA distribution
 Yes No 8. Unemployment (1099-G)
 Yes No 9. Social Security or Railroad Retirement Benefits (1099-SSA or RRB)
 Yes No 10. Self Employment Income - business, farm, hobby (1099-Misc or any earned income not reported on W-2)
 Yes No 11. Other Income such as gambling winnings, awards, prizes and Jury Duty pay, etc.

Part V. Adjustments – In 2007 did you (or your spouse) make:

- Yes No 1. Contributions to IRA, 401k or other retirement account
 Yes No 2. Alimony payments (if yes, you must provide the name and SSN of the recipient)
 Yes No 3. Education related expenses.

Part VI. Itemized Deductions – Did you (or your spouse) have 2007 expenses for:

- Yes No 1. Un-reimbursed medical expenses
 Yes No 2. Home mortgage payments (interest and taxes – see Form 1098)
 Yes No 3. Charitable contributions

Part VII. Credits – In 2007 did you (or your spouse) have:

- Yes No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
 Yes No 2. Educational expenses for you (or your spouse) and/or your dependents
 Yes No 3. Retirement Contribution to a traditional IRA, Roth IRA or 401k as shown on Form W-2

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

- Yes No 1. Was EITC previously disallowed? (if yes, taxpayer may not be eligible for EITC)
 Yes No 2. Based on the interview, is the taxpayer qualified for EITC?

a Employee's social security number 221 - XX - XXXX		OMB No. 1545-0008		Safe, accurate, FAST! Use e-file		Visit the IRS website at www.irs.gov/efile.	
b Employer identification number (EIN) 13-1XXXXXX		1 Wages, tips, other compensation \$10,300		2 Federal income tax withheld \$192			
c Employer's name, address, and ZIP code WEST DALE RETIREMENT VILLAGE 1001 RIVENDALE YOUR CITY, STATE ZIP		3 Social security wages \$10,300		4 Social security tax withheld \$639			
		5 Medicare wages and tips \$10,300		6 Medicare tax withheld \$149			
		7 Social security tips		8 Allocated tips			
d Control number		9 Advance EIC payment		10 Dependent care benefits			
e Employee's first name and initial ALBERTA L FARMER		Last name 1551 BALTIC		Suffix YOUR CITY, STATE ZIP		11 Nonqualified plans	
		12a See instructions for box 12		12b		12c	
		12d		12e		12f	
f Employee's address and ZIP code		13		14			
15 Form	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
YS	13-1XXXXXX	\$10,300	\$88				

Form **W-2** Wage and Tax Statement **2007** 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, state, ZIP code, and telephone no. NEIGHBORHOOD BANK & TRUST 98 FIESTA CIRCLE YOUR CITY, STATE ZIP		Payer's RTN (optional)	OMB No. 1545-0112	2007 Interest Income
PAYER'S federal identification number 13-2XXXXXX		1 Interest income \$ 900	Form 1099-INT	
RECIPIENT'S identification number 220-XX-XXXX		2 Early withdrawal penalty \$ 90	3 Interest on U.S. Savings Bonds and Treas. obligations \$	Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S name GEORGE C FARMER		4 Federal income tax withheld \$	5 Investment expenses \$	
Street address (including apt. no.) 1551 BALTIC		6 Foreign tax paid \$	7 Foreign country or U.S. possession	
City, state, and ZIP code YOUR CITY, STATE ZIP		8 Tax-exempt interest \$	9 Specified private activity bond interest \$	
Account number (see instructions)				

Form **1099-INT** (keep for your records) Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. INTERNATIONAL VALUE FUNDS 623 ARBOR HILL YOUR CITY, STATE ZIP		1a Total ordinary dividends \$ 375 1b Qualified dividends \$ 225	OMB No. 1545-0110 <div style="font-size: 2em; font-weight: bold; text-align: center;">2007</div> Form 1099-DIV	Dividends and Distributions
PAYER'S federal identification number 13-3XXXXXX		RECIPIENT'S identification number 220-XX-XXXX		Copy B For Recipient
RECIPIENT'S name GEORGE C FARMER Street address (including apt. no.) 1551 BALTIC City, state, and ZIP code YOUR CITY, STATE ZIP		2a Total capital gain dist. \$ 110	2b Unrecap. Sec. 1250 gain \$	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Account number (see instructions)		2c Section 1202 gain \$	2d Collectibles (28%) gain \$	
RECIPIENT'S name GEORGE C FARMER Street address (including apt. no.) 1551 BALTIC City, state, and ZIP code YOUR CITY, STATE ZIP		3 Nondividend distributions \$	4 Federal income tax withheld \$	
Account number (see instructions)		5 Investment expenses \$	6 Foreign tax paid \$	
Account number (see instructions)		7 Foreign country or U.S. possession	8 Cash liquidation distributions \$	9 Noncash liquidation distributions \$

Form **1099-DIV** (keep for your records) Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. RTK ENTERPRISES 8009 CENTER YOUR CITY, STATE ZIP		1 Rents \$ 2 Royalties \$ 3 Other income \$	OMB No. 1545-0110 <div style="font-size: 2em; font-weight: bold; text-align: center;">2007</div> Form 1099-MISC	Miscellaneous Income
PAYER'S federal identification number 13-4XXXXXX		RECIPIENT'S identification number 220-XX-XXXX		Copy B For Recipient
RECIPIENT'S name GEORGE C FARMER Street address (including apt. no.) 1551 BALTIC City, state, and ZIP code YOUR CITY, STATE ZIP		4 Federal income tax withheld \$	5 Fishing boat proceeds \$	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Account number (see instructions)		6 Medical and health care payments \$	7 Nonemployee compensation \$ 3400	
Account number (see instructions)		8 Substitute payments in lieu of dividends or interest \$	9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/> \$	
Account number (see instructions)		10 Crop insurance proceeds \$	11	
Account number (see instructions)		12	13 Excess golden parachute payments \$	14 Gross proceeds paid to an attorney \$
15a Section 409A deferrals \$	15b Section 409A income \$	16 State tax withheld \$	17 State/Payer's state no. \$	18 State income \$

Form **1099-MISC** (keep for your records) Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code WALTERS, MORGAN & RUIZ 1102 WINDY WAY YOUR CITY, STATE ZIP		1 Gross distribution \$ 4500		OMB No. 1545-0119 2007 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$ 4500			
PAYER'S federal identification number 13-XXXXXXX		RECIPIENT'S identification number 221-XX-XXXX		2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>	
				3 Capital gain (included in box 2a) \$	
RECIPIENT'S name ALBERTA L FARMER Street address (including apt. no.) 1551 BALTIC City, state, and ZIP code YOUR CITY, STATE ZIP		5 Employee contributions / Designated Roth contributions or insurance premiums \$		6 Net unrealized appreciation in employer's securities \$	
		7 Distribution code(s) 1		8 Other \$ %	
Account number (see instructions)		9a Your percentage of total distribution %		9b Total employee contributions \$	
		10 State tax withheld \$ 250		11 State-Payer's state no. 13-XXXXXXX	
Account number (see instructions)		13 Local tax withheld \$		14 Name of locality \$	
		12 State distribution \$ 4500		15 Local distribution \$	

Form **1099-R**Department of the Treasury — Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code SIMPSON & SONS MANUFACTURING 7261 EMERALD DRIVE YOUR CITY, STATE ZIP		1 Gross distribution \$ 23450		OMB No. 1545-0119 2007 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$ 22005			
PAYER'S federal identification number 13-6XXXXXX		RECIPIENT'S identification number 220-XX-XXXX		2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>	
				3 Capital gain (included in box 2a) \$	
RECIPIENT'S name GEORGE C FARMER Street address (including apt. no.) 1551 BALTIC City, state, and ZIP code YOUR CITY, STATE ZIP		5 Employee contributions / Designated Roth contributions or insurance premiums \$		6 Net unrealized appreciation in employer's securities \$	
		7 Distribution code(s) 7		8 Other \$ %	
Account number (see instructions)		9a Your percentage of total distribution %		9b Total employee contributions \$	
		10 State tax withheld \$ 876		11 State-Payer's state no. 13-6XXXXXX	
Account number (see instructions)		13 Local tax withheld \$		14 Name of locality \$	
		12 State distribution \$ 22005		15 Local distribution \$	

Form **1099-R**Department of the Treasury — Internal Revenue Service

FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT

2007 • PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME.
 • SEE THE REVERSE FOR MORE INFORMATION.

Box 1. Name GEORGE C. FARMER		Box 2. Beneficiary's Social Security Number 220-XX-XXXX
Box 3. Benefits Paid in 2007 9,600	Box 4. Benefits Repaid to SSA in 2007	Box 5. Net Benefits for 2007 (Box 3 minus Box 4) 9,600
DESCRIPTION OF AMOUNT IN BOX 3 Benefits paid by direct deposit \$7,878 MEDICARE PREMIUMS DEDUCTED \$1,122 Voluntary Federal Income Tax Withholding \$600 TOTAL \$9,600		DESCRIPTION OF AMOUNT IN BOX 4
		Box 6. Voluntary Federal Income Tax Withholding 600
		Box 7. Address 1551 BALTIC YOUR CITY, STATE ZIP
		Box 8. Claim Number (Use this number if you need to contact SSA.)

Form SSA-1099-08M

DO NOT RETURN THIS FORM TO SSA OR IRIS

Draft as of June 1, 2007 - Subject to Change

Intermediate Scenario 2: Test Questions

Directions

Complete Form 1040 through line 60 and the appropriate forms, schedules, or worksheets to answer the following questions. Form 6251 does not apply for this taxpayer. Therefore, enter 0 on line 14, Form 5695. You are a volunteer at site S22052222.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 10.1** George's taxable interest income on line 8a of Form 1040 is:
- a. \$0
 - b. \$244
 - c. \$900
 - d. \$1,144
- 10.2** The taxable portion of social security benefits on line 20b of Form 1040 is \$_____.
- 10.3** The amount that goes on line 30 of Form 1040, penalty on early withdraw of savings is \$_____.
- 10.4** The amount of George's gross receipts as reported on line 1 of Schedule C-EZ, Net Profit from Business, is \$_____.
- 10.5** How much are George's total business expenses on line 2 of Schedule C-EZ?
- a. \$2,474
 - b. \$2,690
 - c. \$2,784
 - d. \$2,894
- 10.6** What percentage of the self-employment tax calculated on Schedule SE is used as an adjustment on Form 1040, Line 27?
- a. 0%
 - b. 25%
 - c. 50%
 - d. 100%
- 10.7** If a taxpayer receives a state tax refund for 2006 in the year 2007 but did not itemize deductions for 2006, must that refund be reported as taxable on line 10 of the 2007 Form 1040?
- a. Yes
 - b. No
- 10.8** How much is the residential energy credit that the Farmers report on line 50 of Form 1040? \$_____

Advanced Scenario 1: Jenna E. Duboise

Taxpayer Jenna, a teacher’s aide, completed Form 13614, Intake and Interview Sheet, and wants to file her tax return. Her husband, Jason, died in January 2008 and Jenna has not remarried. She has one daughter, Amanda.

- Taxpayer Documents**
- Social security card for Jenna E. Duboise
 - Social security card for Amanda S. Duboise
 - Social security card for Jason R. Duboise
 - Form W-2 for Jenna Duboise
 - Form 1099-R from Southeast ISD
 - Form 1099-B from National Equity
 - Form 1099-B from Lincoln Investments
 - Form 1099-B from Washington Financial

Note Before completing this scenario, refer to the directions listed before the scenario questions.

- Interview Notes**
- Jason retired on December 15, 2006, and started receiving his pension in January 2007. He received monthly benefits in the amount of \$1,600 each month for the entire year of 2007. The pension plan is a qualified plan and he is receiving benefits under a joint and survivor annuity, to be paid over the joint lives of Jason and Jenna. Jason contributed \$61,200 to the plan and did not receive any distributions before his annuity starting date. Jason’s birth date is 12/11/1946.
 - Jason died on January 10, 2008.
 - They sold their home in July 2007 for \$225,000. The home was purchased in 1998 for \$150,000.
 - They sold some of their stock in 2007 to cover household bills. Jenna brought the broker’s statements with her. All three stocks were held as separate property and none had reinvested dividends.
 - Stock Information:
 - ABC stock
 - Purchased 100 shares on 12/01/2006
 - Cost \$3,200
 - Sold 100 shares on 11/15/2007
 - Sale price: \$4,000
 - Broker’s fee on the sale was \$25

-
- Interview** – XYZ stock
- Notes**
- (continued)
- Purchased 500 shares on 06/01/2001
 - Cost of 500 shares was \$5,000
 - Sold 100 shares XYZ stock on 10/12/2007
 - Sale price: \$6,000 net commission
- GHI stock
- Inherited 200 shares from uncle on 05/15/2007
 - FMV on uncle’s date of death was \$42 per share
 - Sold all 200 shares on 09/30/2007
 - Sale price: \$7,000 net commission
- Jenna and Jason never itemized deductions.
 - Amanda lived with them all year.
 - They made four timely estimated tax payments in the amount of \$500 each for 2007.
 - Jenna wants to designate \$3 for herself and her deceased husband to the Presidential Election Campaign Fund.



You (and Spouse) will need:

- *Proof of identity*
- *Copies of ALL W-2, 1098, 1099 forms*
- *Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return*
- *Child care provider's identification number*
- *Banking information (checking and/or savings account) for direct deposit/debit*
- *Amounts/dates of estimated or other tax payments made, etc.*
- *Amounts of other income*

Part I: Taxpayer Information

1. Your First Name JENNA		M.I. E	Last Name DUBOISE		2. SSN or ITIN 310-XX-XXXX	
3. Date of Birth (mm/dd/yyyy) 3/17/1952	4. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		5. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		6. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
7. Spouse's First Name JASON		M.I. R	Last Name DUBOISE		8. SSN or ITIN 311-XX-XXXX	
9. Date of Birth (mm/dd/yyyy) 12/11/1946	10. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		11. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
13. Address 388 NASH			Apt #	City YOUR CITY, STATE ZIP		State YS
14. Phone Number and e-mail address Phone: () YOUR PHONE NUMBER e-mail:			15. Can you or your spouse be claimed as a dependent on the income tax return of any other person for 2007? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
16. On December 31, 2007:						
a. Were you: <input type="checkbox"/> Single <input checked="" type="checkbox"/> Legally Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed						
b. If married, were you living together (with your husband/wife) <u>on/after June 30, 2007</u> ? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						
c. Was your spouse deceased? If yes, provide the date of death, _____ (mm/dd/yyyy)						
17. Did you pay more than half the cost of keeping up the home for the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						

Part II. Family and Dependent Information – Do not include you or your spouse.

Print the name of everyone who lived in your home and outside your home that you supported during the year.

Name (first, last)	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship to you (son, daughter, etc.)	Number of months person lived with you in 2007	US Citizen, Resident of US, Canada or Mexico (yes or no)	Is the dependent a full time student born before 1989? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
AMANDA DUBOISE	2/19/1992	312-XX-XXXX	DAUGHTER	12	YES	NO

Paperwork Reduction Act Notice

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.

Volunteer Preparer Instructions: In order to complete an accurate return you must conduct a thorough interview. This intake sheet does not constitute a complete interview. **Remember to ask the taxpayer for all their documentation.** Based on your interview with the taxpayer be sure to note changes to information on the intake sheet. Confirm information on page 1 with taxpayer.

Use the decision trees in **Publication 4012,**
Volunteer Resource Guide while discussing the questions below with the taxpayer.

Part III. Filing Status & Dependency Determination

Based on the interview, the filing status of the taxpayer is: Single MFJ MFS* HOH QW

*Spouse Name _____ Social Security Number _____

- Yes No 1. Did you provide more than 50% of the support for the dependents claimed?
 Yes No 2. Can anyone else claim any of these dependents on their income tax return?
 Yes No 3. Were any of these dependents permanently and totally disabled in 2007?
 Yes No 4. Did any of these dependents file a joint return for 2007?
_____ 5. Based on the interview, how many individuals qualify as dependents for this return?

COMMONLY USED INCOME AND EXPENSES

Part IV. Income – In 2007, did you (or your spouse) receive:

- Yes No 1. Wages or Salary (include W-2s for all jobs worked during the year)
 Yes No 2. Disability income
 Yes No 3. Interest/Dividends from: checking or savings account, bonds, CDs, or brokerage account
 Yes No 4. State tax refund (may be taxable if you itemized last year)
 Yes No 5. Alimony income
 Yes No 6. Tip income
 Yes No 7. Pension and/or IRA distribution
 Yes No 8. Unemployment (1099-G)
 Yes No 9. Social Security or Railroad Retirement Benefits (1099-SSA or RRB)
 Yes No 10. Self Employment Income - business, farm, hobby (1099-Misc or any earned income not reported on W-2)
 Yes No 11. Other Income such as gambling winnings, awards, prizes and Jury Duty pay, etc.

Part V. Adjustments – In 2007 did you (or your spouse) make:

- Yes No 1. Contributions to IRA, 401k or other retirement account
 Yes No 2. Alimony payments (if yes, you must provide the name and SSN of the recipient)
 Yes No 3. Education related expenses

Part VI. Itemized Deductions – Did you (or your spouse) have 2007 expenses for:

- Yes No 1. Un-reimbursed medical expenses
 Yes No 2. Home mortgage payments (interest and taxes – see Form 1098)
 Yes No 3. Charitable contributions

Part VII. Credits – In 2007 did you (or your spouse) have:

- Yes No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
 Yes No 2. Educational expenses for you (or your spouse) and/or your dependents
 Yes No 3. Retirement Contribution to a traditional IRA, Roth IRA or 401k as shown on Form W-2

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

- Yes No 1. Was EITC previously disallowed? (if yes, taxpayer may not be eligible for EITC)
 Yes No 2. Based on the interview, is the taxpayer qualified for EITC?

CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code SOUTHEAST ISD 1809 QUAIL YOUR CITY, STATE ZIP		1 Gross distribution \$ 19200 2a Taxable amount \$	OMB No. 1545-0119 <div style="font-size: 2em; font-weight: bold; text-align: center;">2007</div> Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
PAYER'S federal identification number 20-2XXXXXX		2b Taxable amount not determined <input checked="" type="checkbox"/> Total distribution <input type="checkbox"/>		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.
RECIPIENT'S identification number 311-XX-XXXX		3 Capital gain (included in box 2a) \$		
RECIPIENT'S name JASON R DUBOISE Street address (including apt. no.) 388 NASH City, state, and ZIP code YOUR CITY, STATE ZIP		4 Federal income tax withheld \$ 602	5 Employee contributions / Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$
Account number (see instructions)		7 Distribution code(s) 7	8 Other \$	This information is being furnished to the Internal Revenue Service.
1st year of desig. Roth contrib.		9a Your percentage of total distribution %	9b Total employee contributions \$ 61200	
10 State tax withheld \$		11 State/Payer's state no. \$		12 State distribution \$
13 Local tax withheld \$		14 Name of locality \$		15 Local distribution \$

Form **1099-R** Department of the Treasury — Internal Revenue Service

a Employee's social security number 310-XX-XXXX		Safe, accurate, FAST! Use Visit the IRS website at www.irs.gov/efile.		OMB No. 1545-0008	
b Employer identification number (EIN) 20-1XXXXXX		1 Wages, tips, other compensation \$17,300		2 Federal income tax withheld \$650	
c Employer's name, address, and ZIP code MOTHER GOOSE NURSERY 907 STAR YOUR CITY, STATE ZIP		3 Social security wages \$17,300		4 Social security tax withheld \$1,073	
d Control number		5 Medicare wages and tips \$17,300		6 Medicare tax withheld \$251	
e Employee's first name and initial JENNA E		7 Social security tips		8 Allocated tips	
Last name DUBOISE		9 Advance EIC payment		10 Dependent care benefits	
Suffix YOUR CITY, STATE ZIP		11 Nonqualified plans		12a See instructions for box 12	
f Employer's address and ZIP code		13 Retiree annuity payment tax rate <input type="checkbox"/>		12b	
15 State wages, tips, etc. YS 20-1XXXXXX		14 Other		12c	
16 State wages, tips, etc. \$17,300		17 State income tax \$317		12d	
18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

Form **W-2 Wage and Tax Statement** 2007 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.

VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no. NATIONAL EQUITY 279 YORK YOUR CITY, STATE ZIP		1a Date of sale or exchange 10/12/2007	OMB No. 1545-0710 <div style="font-size: 2em; font-weight: bold; text-align: center;">2007</div> Form 1099-B	Proceeds From Broker and Barter Exchange Transactions
		1b CUSIP no.		
		2 Stocks, bonds, etc. \$ 6,000.00	Reported to IRS: <input type="checkbox"/> Gross proceeds <input checked="" type="checkbox"/> Gross proceeds less commissions and option premiums	
PAYER'S federal identification number 20-4XXXXXX	RECIPIENT'S identification number 310-XX-XXXX	3 Bartering \$	4 Federal income tax withheld \$	Copy C For Payer For Privacy Act and Paperwork Reduction Act Notice, see the 2007 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name JENNA E DUBOISE		5 No. of shares exchanged 100	6 Classes of stock exchanged	
Street address (including apt. no.) 388 NASH		7 Description XYZ STOCK		
City, state, and ZIP code YOUR CITY, STATE ZIP		8 Profit or (loss) realized in 2007 \$	9 Unrealized profit or (loss) on open contracts—12/31/2006 \$	
CORPORATION'S name		10 Unrealized profit or (loss) on open contracts—12/31/2007 \$	11 Aggregate profit or (loss) \$	
Account number (see instructions)	2nd TIN not <input type="checkbox"/>	12 Check the box if recipient cannot take a loss on their tax return based on the amount in box 2 <input type="checkbox"/>		

Form **1099-B** Department of the Treasury - Internal Revenue Service

VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no. LINCOLN INVESTMENTS 725 HOUSE RD YOUR CITY, STATE ZIP		1a Date of sale or exchange 11/15/2007	OMB No. 1545-0710 <div style="font-size: 2em; font-weight: bold; text-align: center;">2007</div> Form 1099-B	Proceeds From Broker and Barter Exchange Transactions
		1b CUSIP no.		
		2 Stocks, bonds, etc. \$ 4,000.00	Reported to IRS: <input checked="" type="checkbox"/> Gross proceeds <input type="checkbox"/> Gross proceeds less commissions and option premiums	
PAYER'S federal identification number 20-3XXXXXX	RECIPIENT'S identification number 310-XX-XXXX	3 Bartering \$	4 Federal income tax withheld \$	Copy C For Payer For Privacy Act and Paperwork Reduction Act Notice, see the 2007 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name JENNA E DUBOISE		5 No. of shares exchanged 100	6 Classes of stock exchanged	
Street address (including apt. no.) 388 NASH		7 Description ABC STOCK		
City, state, and ZIP code YOUR CITY, STATE ZIP		8 Profit or (loss) realized in 2007 \$	9 Unrealized profit or (loss) on open contracts—12/31/2006 \$	
CORPORATION'S name		10 Unrealized profit or (loss) on open contracts—12/31/2007 \$	11 Aggregate profit or (loss) \$	
Account number (see instructions)	2nd TIN not <input type="checkbox"/>	12 Check the box if recipient cannot take a loss on their tax return based on the amount in box 2 <input type="checkbox"/>		

Form **1099-B** Department of the Treasury - Internal Revenue Service

VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no. WASHINGTON FINANCIAL 6700 NASHVILLE AVE YOUR CITY, STATE ZIP		1a Date of sale or exchange 09/30/2007	OMB No. 1545-0010 2007 Form 1099-B	Proceeds From Broker and Barter Exchange Transactions
		1b CUSIP no.	2 Stocks, bonds, etc. \$ 7,000.00	
PAYER'S federal identification number 20-5XXXXXX	RECIPIENT'S identification number 310-XX-XXXX	3 Bartering \$	4 Federal income tax withheld \$	Copy C For Payer For Privacy Act and Paperwork Reduction Act Notice, see the 2007 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name JENNA E DUBOISE Street address (including apt. no.) 388 NASH City, state, and ZIP code YOUR CITY, STATE ZIP		5 No. of shares exchanged 200	6 Classes of stock exchanged	
		7 Description GHI STOCK		
		8 Profit or (loss) realized in 2007 \$	9 Unrealized profit or (loss) on open contracts—12/31/2006 \$	
CORPORATION'S name		10 Unrealized profit or (loss) on open contracts—12/31/2007 \$	11 Aggregate profit or (loss) \$	
Account number (see instructions)	2nd TIN not <input type="checkbox"/>	12 Check the box if recipient cannot take a loss on their tax return based on the amount in box 2 <input type="checkbox"/>		

Form **1099-B**

Department of the Treasury - Internal Revenue Service

Advanced Scenario 1: Test Questions

Directions

Complete Form 1040 through line 72 and the appropriate forms, schedules, or worksheets to answer the following questions.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 11.1** What is Jenna's correct filing status?
- a. Single
 - b. Married Filing Jointly
 - c. Head of Household
 - d. Qualifying Widow(er) with dependent child
- 11.2** What is the short-term capital gain or loss from line 7 of Schedule D?
- a. \$775
 - b. \$2175
 - c. (\$625)
 - d. (\$775)
- 11.3** Choose the date on which the ABC stock sale gain/loss would become long-term rather than short-term.
- a. 12/01/07
 - b. 12/02/07
 - c. 07/01/07
 - d. None of the above
- 11.4** What is the gain or loss on the sale of the GHI stock?
- a. (\$1,400)
 - b. \$7,000
 - c. (\$7,000)
 - d. \$1,400
- 11.5** True or False. The holding period for the GHI stock is short-term.
- a. True
 - b. False

- 11.6** What is the long-term capital gain or loss from line 15 of Schedule D?
- a. (\$1,400)
 - b. \$775
 - c. \$3,600
 - d. \$7,175
- 11.7** Will Jenna have a capital loss carryover to 2008?
- a. Yes
 - b. No
- 11.8** How much of the \$19,200 gross distribution reported on Form 1099-R is taxable?
- a. \$17,160
 - b. \$19,200
 - c. \$61,200
 - d. \$16,831
- 11.9** Choose the date(s) of birth used to compute the taxable amount of the pension income.
- a. 03/17/1952
 - b. 12/11/1946
 - c. Both a and b
 - d. None of the above
- 11.10** What are the total payments on line 72 of Jenna's Form 1040?
- a. \$1,000
 - b. \$1,252
 - c. \$2,000
 - d. \$3,252
- 11.11** How much gain from the sale of her home will Jenna need to report on her tax return? \$_____
- 11.12** Which of the following is an increase to basis when figuring the adjusted basis of property?
- a. New roof
 - b. Insurance premiums
 - c. Utilities
 - d. All of the above

- 11.13** What is the Child Tax Credit amount on line 52 of Form 1040?
- a. 0
 - b. \$1000
 - c. \$2000
- 11.14** What is the amount on line 66a of Form 1040? \$_____
- 11.15** If Jason had died in 2006, what would Jenna's filing status be for 2007?
- a. Single
 - b. Married Filing Jointly
 - c. Head of Household
 - d. Qualifying Widow with dependent child

2007 6744 Test – Military Course

Military Scenario 1: Diana Stewart

Taxpayer Diana Stewart completed Form 13614, Intake and Interview Sheet

Taxpayer Documents

- Form 13614
- Social security cards for Diana and Lily and an IRS ITIN letter for Henri.
- 3 Forms W-2 for Diana Stewart
- Form 1099-INT

Note Before completing this scenario, refer to the directions listed before the scenario questions.

Interview Notes

- Diana is a nurse and a member of the Army Reserve
- Deployed: In Iraq from 7/12/07 through 2/26/08
- Military training: Attended weekend-long military training sessions over 100 miles away each month from 01/01/07 through 06/30/07 (the expenses were not reimbursed). Total expenses for the six month period were:
 - Mileage: 1,560 (based on Internet map data not written records)
 - Lodging: \$900 (within federal per diem rate for the area)
 - Meals: \$675 (within federal per diem rate for the area)
- Married: Married Henri Dumont in 2007. Henri was not employed during 2007.
 - Income: no income in 2007
 - Citizenship: Swiss; has never been to the United States
 - Individual tax identification number: 940-XX-XXXX
 - Henri has an ITIN letter from the ITIN unit
 - Wants to file jointly; he does not want to contribute to the Presidential Election Campaign Fund
- One child: Diana has full custody of her daughter, Lily
 - Care: Diana's sister, Louise, took care of Lily at no cost; Louise lived with Diana, but was not her dependent
 - Cost: Diana allotted some of her military pay to cover all household bills and anything Lily needed
- Properties:
 - Rental property:
 - Purchased property: 04/30/03
 - Rented: 01/01/07 – 09/30/07
 - Not offered for rent: 10/01/07-10/31/07

**Interview
Notes**
(continued)

- Properties (continued):
 - Rental property became taxpayer’s primary residence: 11/01/07
 - Rental income: \$8,500
 - Annual real estate taxes: \$1,350
 - Management company fees for the time the property was rented: \$750
 - Furnace repair 02/15/07: \$290
 - Depreciation from 01/01/07 – 09/30/07 (based on a schedule provided by the taxpayer): \$2,325
 - Home sale:
 - Purchased property: 02/03/02 for \$79,800
 - Sold property: 10/31/07 for \$300,000
 - Louise had a power of attorney from Diana to handle the sale of the home while Diana served in Iraq
 - Except for her qualified official extended duty in Germany from 7/01/03 - 6/30/06 and her current deployment in Iraq, this has been Diana’s primary residence
 - Diana has chosen to have the 5-year test period for ownership and use suspended during her periods of qualified official extended duty
- Stock and shares:
 - A&B Stock
 - Inherited: 100 shares on 03/15/07
 - Fair market value on 3/15/07: \$3,500
 - Sold: all shares on 04/30/07
 - Selling price: \$3,700 (net of commissions)
 - Equity Index Mutual Fund
 - Bought: 06/01/06 through 04/15/07
 - Sold: 300 shares on 4/30/07
 - Total cost basis for the 300 shares: \$1,500
 - Selling price: \$1,000 (net of commission)
- Additional information:
 - Not enough deductions to itemize
 - Diana wants to designate \$3 for the Presidential Election Campaign Fund



You (and Spouse) will need:

- Proof of Identity
- Copies of ALL W-2, 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care provider's identification number
- Banking information (checking and/or savings account) for direct deposit/debit
- Amounts/dates of estimated or other tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name DIANA		M.I. P	Last Name STEWART		2. SSN or ITIN 410-XX-XXXX	
3. Date of Birth (mm/dd/yyyy) 10/02/1973	4. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		5. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		6. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
7. Spouse's First Name HENRI		M.I. C	Last Name DUMONT		8. SSN or ITIN 940-XX-XXXX	
9. Date of Birth (mm/dd/yyyy) 09/29/1975	10. US Citizen or Resident Alien <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		11. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
13. Address 176 CHASE			Apt #	City YOUR CITY	State YS	Zip Code YOUR ZIP
14. Phone Number and e-mail address Phone: () YOUR PHONE NUMBER e-mail:			15. Can you or your spouse be claimed as a dependent on the income tax return of any other person for 2007? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
16. On December 31, 2007:						
a. Were you: <input type="checkbox"/> Single <input checked="" type="checkbox"/> Legally Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed						
b. If married, were you living together (with your husband/wife) on/after June 30, 2007? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						
c. Was your spouse deceased? If yes, provide the date of death. _____ (mm/dd/yyyy)						
17. Did you pay more than half the cost of keeping up the home for the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						

Part II. Family and Dependent Information – Do not include you or your spouse.

Print the name of everyone who lived in your home and outside your home that you supported during the year.

Name (first, last)	Date of Birth (mm/dd/yyyy)	Social Security Number or ITIN	Relationship to you (son, daughter, etc.)	Number of months person lived with you in 2007	US Citizen, Resident of US, Canada or Mexico (yes or no)	Is the dependent a full time student born before 1989? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
LILY M STEWART	7/23/1997	411-XX-XXXX	DAUGHTER	12	YES	NO

Paperwork Reduction Act Notice

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.

Catalog Number 38836A

Form **13614** (Rev. 7-2007)

Page 2 TO BE COMPLETED WITH CERTIFIED VOLUNTEER

Volunteer Preparer Instructions: In order to complete an accurate return you must conduct a thorough interview. This intake sheet does not constitute a complete interview. Remember to ask the taxpayer for all their documentation. Based on your interview with the taxpayer be sure to note changes to information on the intake sheet. Confirm information on page 1 with taxpayer.

Use the decision trees in **Publication 4012,**
Volunteer Resource Guide while discussing the questions below with the taxpayer.

Part III. Filing Status & Dependency Determination

Based on the interview, the filing status of the taxpayer is: Single MFJ MFS* HOH QW

*Spouse Name _____ Social Security Number _____

- Yes No 1. Did you provide more than 50% of the support for the dependents claimed?
 Yes No 2. Can anyone else claim any of these dependents on their income tax return?
 Yes No 3. Were any of these dependents permanently and totally disabled in 2007?
 Yes No 4. Did any of these dependents file a joint return for 2007?
_____ 5. Based on the interview, how many individuals qualify as dependents for this return?

COMMONLY USED INCOME AND EXPENSES

Part IV. Income – In 2007, did you (or your spouse) receive:

- Yes No 1. Wages or Salary (include W-2s for all jobs worked during the year)
 Yes No 2. Disability income
 Yes No 3. Interest/Dividends from: checking or savings account, bonds, CDs, or brokerage account
 Yes No 4. State tax refund (may be taxable if you itemized last year)
 Yes No 5. Alimony income
 Yes No 6. Tip income
 Yes No 7. Pension and/or IRA distribution
 Yes No 8. Unemployment (1099-G)
 Yes No 9. Social Security or Railroad Retirement Benefits (1099-SSA or RRB)
 Yes No 10. Self Employment Income - business, farm, hobby (1099-Misc or any earned income not reported on W-2)
 Yes No 11. Other Income such as gambling winnings, awards, prizes and Jury Duty pay, etc.

Part V. Adjustments – In 2007 did you (or your spouse) make:

- Yes No 1. Contributions to IRA, 401k or other retirement account
 Yes No 2. Alimony payments (if yes, you must provide the name and SSN of the recipient)
 Yes No 3. Education related expenses.

Part VI. Itemized Deductions – Did you (or your spouse) have 2007 expenses for:

- Yes No 1. Un-reimbursed medical expenses
 Yes No 2. Home mortgage payments (interest and taxes – see Form 1098)
 Yes No 3. Charitable contributions

Part VII. Credits – In 2007 did you (or your spouse) have:

- Yes No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
 Yes No 2. Educational expenses for you (or your spouse) and/or your dependents
 Yes No 3. Retirement Contribution to a traditional IRA, Roth IRA or 401k as shown on Form W-2

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

- Yes No 1. Was EITC previously disallowed? (if yes, taxpayer may not be eligible for EITC)
 Yes No 2. Based on the interview, is the taxpayer qualified for EITC?

a Employee's social security number 410-XX-XXXX		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile.	
b Employer identification number (EIN) 30-1XXXXXX				1 Wages, tips, other compensation \$25,280	2 Federal income tax withheld \$3,875				
c Employer's name, address, and ZIP code WOMEN'S MEDICAL CENTER 2220 ROBBINS STE 17 YOUR CITY, STATE, ZIP				3 Social security wages \$25,280	4 Social security tax withheld \$1,567				
				5 Medicare wages and tips \$25,280	6 Medicare tax withheld \$367				
				7 Social security tips	8 Allocated tips				
				d Control number				9 Advance EIC payment	
e Employee's first name and initial		Last name		Suffix		11 Nonqualified plans		12a See instructions for box 12	
DIANA P. STEWART		176 CHASE				13 Health insurance <input type="checkbox"/>		12b	
		YOUR CITY, STATE, ZIP				14 Other <input type="checkbox"/>		12c	
								12d	
f Employee's address and ZIP code									
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name			
YS	30-1XXXXXX	\$25,280	\$1,380						

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

2007

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.

a Employee's social security number 410-XX-XXXX		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile.	
b Employer identification number (EIN) 30-2XXXXXX				1 Wages, tips, other compensation \$4,250	2 Federal income tax withheld \$190				
c Employer's name, address, and ZIP code DFAS PO BOX 8899 INDIANAPOLIS, IN 43248-2410				3 Social security wages \$4,250	4 Social security tax withheld \$264				
				5 Medicare wages and tips \$4,250	6 Medicare tax withheld \$62				
				7 Social security tips	8 Allocated tips				
				d Control number				9 Advance EIC payment	
e Employee's first name and initial		Last name		Suffix		11 Nonqualified plans		12a See instructions for box 12	
DIANA P STEWART		176 CHASE				13 Health insurance <input type="checkbox"/>		12b	
		YOUR CITY, STATE, ZIP				14 Other <input checked="" type="checkbox"/>		12c	
								12d	
f Employee's address and ZIP code									
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name			
YS	30-2XXXXXX	\$4,250	\$0						

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

2007

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.

a Employee's social security number 410-XX-XXXX		OMB No. 1545-0048		Safe, accurate, FAST! Use e-file		Visit the IRS website at www.irs.gov/efile.	
b Employer identification number (EIN) 30-2XXXXXX		1 Wages, tips, other compensation		2 Federal income tax withheld			
c Employer's name, address, and ZIP code DFAS PO BOX 8899 INDIANAPOLIS, IN 43249-2410		3 Social security wages \$39,112		4 Social security tax withheld \$2,425			
		5 Medicare wages and tips \$39,112		6 Medicare tax withheld \$567			
		7 Social security tips		8 Allocated tips			
d Control number		9 Advance EIC payment		10 Dependent care benefits			
e Employee's first name and initial DIANA P STEWART		Last name 176 CHASE		Suffix YOUR CITY, STATE, ZIP		11 Nonqualified plans	
f Employee's address and ZIP code		12a See instructions for box 12 Q \$39,112		12b		12c	
		12d		12e		12f	
		12g		12h		12i	
		12j		12k		12l	
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.	
19 Local income tax		20 Locality name					

Form **W-2 Wage and Tax Statement** **2007** 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, state, ZIP code, and telephone no. BASE FEDERAL CREDIT UNION 4141 WABASH YOUR CITY, STATE, ZIP		Payer's RTN (optional)		OMB No. 1545-0112		2007 Interest Income			
PAYER'S federal identification number 30-3XXXXXX		1 Interest income \$ 821		2 Early withdrawal penalty \$		Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.			
		3 Interest on U.S. Savings Bonds and Treas. obligations \$		4 Federal income tax withheld \$					
RECIPIENT'S name DIANA P STEWART		5 Investment expenses \$		6 Foreign tax paid \$					
Street address (including apt. no.) 176 CHASE		7 Foreign country or U.S. possession		8 Tax-exempt interest \$				9 Specified private activity bond interest \$	
City, state, and ZIP code YOUR CITY, STATE, ZIP		Account number (see instructions)							

Form **1099-INT** (keep for your records) Department of the Treasury - Internal Revenue Service

Department of the Treasury
Internal Revenue Service
Austin, TX 73301-0057

Henri C. Dumont
176 Chase
Your City, State, ZIP

Date of this notice:
Number of this notice: CP-565A
Form: W-7
Case Ref. Num: **DLN**
DOB: 09/29/1975

For ITIN assistance call us at
(800) xxx-xxxx
For international callers:
(512) 460-XXXX
This is not a toll-free number.

Or you may write to us at:
Internal Revenue Service
Austin, TX 73301-0057

WE ASSIGNED YOU AN IRS INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER (ITIN)

[940-XX-XXXX]

Thank you for your Form W-7, Application for IRS Individual Taxpayer Identification Number (ITIN). We assigned you the ITIN shown above. Please keep and safeguard this notice. If part of your name and/or address is incorrect, please notify us in writing at the address shown above and include a copy of this notice.

The following is true about your assigned ITIN:

- It is for federal tax purposes **only**, for example, to file a federal tax return.
- It is not a social security number (SSN) but a tax identification number issued by the IRS.
- It does not entitle you to social security benefits or the Earned Income Tax Credit (EITC).
- If you do not use your ITIN to file a federal tax return or for other federal tax purposes, it can be revoked.
- It does not change your immigration status or make you eligible to work in the United States.

Please use your ITIN when an SSN is requested on any U.S. federal income tax return or for other federal tax purposes. Use your complete name and ITIN on all correspondence with the IRS, including tax returns, tax payments, and refund claims. Using any variation in your name or ITIN may cause processing delays and incorrect information on your account.

If you change your name, please send a copy of this notice along with documentation supporting the name change to the address shown above, or visit your local IRS office, so we can update our records. Examples of acceptable supporting identification documentation include a marriage certificate or court record.

If you become a U.S. citizen, or legal resident alien authorized by the U.S. Citizenship and Immigration Services, you will be eligible to get an SSN. You must then apply for an SSN with the Social Security Administration and start using that number for tax purposes instead of your ITIN. When you receive an SSN, please send a copy of your social security card with a copy of this notice to the address shown above, or visit your local IRS office, so we can update our records.

If you have any questions, please call us at the number shown on this page.

CP-565 (Rev. 01-2007)

Military Scenario 1: Test Questions

Directions

Complete Form 1040 through line 46 and the appropriate forms, schedules, or worksheets to answer the following questions. You are a volunteer at site S41024444.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 12.1** How many exemptions should be claimed on line 6d of Form 1040? _____
- 12.2** What is their total rental real estate and royalty income or loss on line 26 of Schedule E?
- a. \$3,785
 - b. \$4,122
 - c. \$6,110
 - d. \$8,500
- 12.3** Should Diana's combat zone income exclusion from box 12a of Form W-2 be reported on line 7 of Form 1040?
- a. Yes
 - b. No
 - c. Not applicable to this return
- 12.4** In general, taxpayers may choose to use excluded combat zone income, if beneficial, to compute the earned income credit.
- a. True
 - b. False
- 12.5** Their total adjustments to gross income on line 36 of Form 1040 are: \$_____
- 12.6** What is their deduction on line 40 of Form 1040?
- a. \$0
 - b. \$5,350
 - c. \$7,850
 - d. \$10,700

- 12.7** What is the amount of short term gain or loss on Schedule D, line 7?
- a. \$0
 - b. \$300 loss
 - c. \$500 loss
- 12.8** Does Diana qualify to exclude the gain from the sale of her primary residence?
- a. Yes
 - b. No
- 12.9** Do Diana and Henri qualify for Earned Income Tax Credit?
- a. Yes
 - b. No
- 12.10** If Henri did not have an individual tax identification number or did not elect to be treated as a resident alien, what filing status should Diana use to minimize her taxes?
- a. Single
 - b. Married Filing Jointly
 - c. Married Filing Separately
 - d. Head of Household
 - e. She could file jointly, but not claim Henri's exemption

Military Scenario 2: Peter and Beth Anderson

Taxpayer Peter and Beth Anderson completed Form 13614, Intake and Interview Sheet.

Taxpayer Documents

- Form 13614
- Social security cards for Peter, Beth, and three children
- Form W-2
- Form 1098 - Personal Residence
- Form 1098-T
- Form 1099-INT
- Voided check

Note Before completing this scenario, refer to the directions listed before the scenario questions.

Interview Notes

- Stationed in Italy for all of tax year 2007 on qualified extended duty
- Properties:
 - Sold home in US where they lived for 2½ years
 - Purchased: 1/15/02 for \$215,000
 - Sold: 11/30/07 for \$365,000
 - Improvements: \$5,600
 - Use: House had never been rented or used for business
 - Rental property: condominium, rented for the entire year
 - Rental income: \$9,000
 - Rental expenses:
 - Taxes: \$970
 - Maintenance fees: \$420
 - Interest: \$2,145
 - Management fees: \$720
 - Repairs: \$275
 - Depreciation: \$1,500 (taken from a worksheet Beth's accountant created)
- Three children:
 - Raymond:
 - Full time student: Sophomore at Texas State University
 - Lives in dormitory
 - Does not work
 - 2 other children:
 - Live at home
 - No income
- Beth did not work while her husband was stationed abroad

Interview
Notes
(continued)

- Other:
 - Contributions to church: \$1,300 (checks put in collections weekly)
 - Presidential Election Campaign Fund: Both Peter and Beth want to designate \$3
 - Refund: If they get a refund, they want to have it deposited to their checking account



You (and Spouse) will need:

- *Proof of Identity*
- *Copies of ALL W-2, 1098, 1099 forms*
- *Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return*
- *Child care provider's identification number*
- *Banking information (checking and/or savings account) for direct deposit/debit*
- *Amounts/dates of estimated or other tax payments made, etc.*
- *Amounts of other income*

Part I: Taxpayer Information

1. Your First Name PETER		M.I. D	Last Name ANDERSON		2. SSN or ITIN 420-XX-XXXX		
3. Date of Birth (mm/dd/yyyy) 07/27/1980		4. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		5. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		6. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
7. Spouse's First Name BETH		M.I. A	Last Name ANDERSON		8. SSN or ITIN 421-XX-XXXX		
9. Date of Birth (mm/dd/yyyy) 06/06/1982		10. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		11. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
13. Address 10050 SHADOW MOUNTAIN			Apt #	City YOUR CITY		State YS	Zip Code YOUR ZIP
14. Phone Number and e-mail address Phone: () YOUR PHONE NUMBER e-mail:				15. Can you or your spouse be claimed as a dependent on the income tax return of any other person for 2007? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
16. On December 31, 2007:							
a. Were you: <input type="checkbox"/> Single <input checked="" type="checkbox"/> Legally Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed							
b. If married, were you living together (with your husband/wife) <u>on/after June 30, 2007?</u> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
c. Was your spouse deceased? If yes, provide the date of death. _____ (mm/dd/yyyy)							
17. Did you pay more than half the cost of keeping up the home for the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							

Part II. Family and Dependent Information – Do not include you or your spouse.

Print the name of everyone who lived in your home and outside your home that you supported during the year.

Name (first, last)	Date of Birth (mm/dd/yyyy)	Social Security Number or ITIN	Relationship to you (son, daughter, etc.)	Number of months person lived with you in 2007	US Citizen, Resident of US, Canada or Mexico (yes or no)	Is the dependent a full time student born before 1989? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
RAYMOND C ANDERSON	3/17/1987	423-XX-XXXX	SON	12	YES	YES
JOSHUA R ANDERSON	5/25/1990	424-XX-XXXX	SON	12	YES	NO
KENNETH E ANDERSON	1/16/1993	425-XX-XXXX	SON	12	YES	NO

Paperwork Reduction Act Notice

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Volunteer Preparer Instructions: In order to complete an accurate return you must conduct a thorough interview. This intake sheet does not constitute a complete interview. Remember to ask the taxpayer for all their documentation. Based on your interview with the taxpayer be sure to note changes to information on the intake sheet. Confirm information on page 1 with taxpayer.

Use the decision trees in **Publication 4012,**
Volunteer Resource Guide while discussing the questions below with the taxpayer.

Part III. Filing Status & Dependency Determination

Based on the interview, the filing status of the taxpayer is: Single MFJ MFS* HOH QW

*Spouse Name _____ Social Security Number _____

- Yes No 1. Did you provide more than 50% of the support for the dependents claimed?
 Yes No 2. Can anyone else claim any of these dependents on their income tax return?
 Yes No 3. Were any of these dependents permanently and totally disabled in 2007?
 Yes No 4. Did any of these dependents file a joint return for 2007?
3 5. Based on the interview, how many individuals qualify as dependents for this return?

COMMONLY USED INCOME AND EXPENSES

Part IV. Income – In 2007, did you (or your spouse) receive:

- Yes No 1. Wages or Salary (include W-2s for all jobs worked during the year)
 Yes No 2. Disability income
 Yes No 3. Interest/Dividends from: checking or savings account, bonds, CDs, or brokerage account
 Yes No 4. State tax refund (may be taxable if you itemized last year)
 Yes No 5. Alimony income
 Yes No 6. Tip income
 Yes No 7. Pension and/or IRA distribution
 Yes No 8. Unemployment (1099-G)
 Yes No 9. Social Security or Railroad Retirement Benefits (1099-SSA or RRB)
 Yes No 10. Self Employment Income - business, farm, hobby (1099-Misc or any earned income not reported on W-2)
 Yes No 11. Other Income such as gambling winnings, awards, prizes and Jury Duty pay, etc.

Part V. Adjustments – In 2007 did you (or your spouse) make:

- Yes No 1. Contributions to IRA, 401k or other retirement account
 Yes No 2. Alimony payments (if yes, you must provide the name and SSN of the recipient)
 Yes No 3. Education related expenses.

Part VI. Itemized Deductions – Did you (or your spouse) have 2007 expenses for:

- Yes No 1. Un-reimbursed medical expenses
 Yes No 2. Home mortgage payments (interest and taxes – see Form 1098)
 Yes No 3. Charitable contributions

Part VII. Credits – In 2007 did you (or your spouse) have:

- Yes No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
 Yes No 2. Educational expenses for you (or your spouse) and/or your dependents
 Yes No 3. Retirement Contribution to a traditional IRA, Roth IRA or 401k as shown on Form W-2

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

- Yes No 1. Was EITC previously disallowed? (if yes, taxpayer may not be eligible for EITC)
 Yes No 2. Based on the interview, is the taxpayer qualified for EITC?

a Employer's social security number 420-XX-XXXX		Safe, accurate, FAST! Use e-file		Visit the IRS website at www.irs.gov/efile .	
b Employer identification number (EIN) 30-2XXXXXX		1 Wages, tips, other compensation \$59,590	2 Federal income tax withheld \$4,125		
c Employer's name, address, and ZIP code DFAS PO BOX 8899 INDIANAPOLIS, IN 43429-2410		3 Social security wages \$59,590	4 Social security tax withheld \$3,695		
		5 Medicare wages and tips \$59,590	6 Medicare tax withheld \$864		
		7 Social security tips 	8 Allocated tips 		
d Control number 		9 Advance EIC payment 	10 Dependent care benefits 		
e Employer's first name and initial Last name Suffix PETER D ANDERSON 10050 SHADOW MOUNTAIN YOUR CITY, STATE, ZIP		11 Nonqualified plans 	12a See instructions for box 12 		
		13 Income payment <input type="checkbox"/>	13b 		
		13c 			
		13d 			
f Employer's address and ZIP code 					
15 State Employer's state ID number YS 30-2XXXXXX	16 State wages, tips, etc. \$59,590	17 State income tax 	18 Local wages, tips, etc. 	19 Local income tax 	20 Locality name

Form W-2 Wage and Tax Statement 2007 Department of the Treasury—Internal Revenue Service
Copy B—To Be Filed With Employee's FEDERAL Tax Return.
 This information is being furnished to the Internal Revenue Service.

CORRECTED (if checked)

RECIPIENT'S/LENDER'S name, address, and telephone number NATIONAL BANK AND TRUST 2710 W 15TH YOUR CITY, STATE, ZIP		* Caution: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.	OMB No. 1545-0001 2007 Form 1098	Mortgage Interest Statement
RECIPIENT'S federal identification no. 420-XX-XXXX	PAYER'S social security number 31-3XXXXXX	1 Mortgage interest received from payer(s)/borrower(s) \$ 6,100	Copy B For Payer The information in boxes 1, 2, 3, and 4 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest on the prior year or because you did not report this refund of interest on your return.	
PAYER'S/BORROWER'S name PETER D ANDERSON		2 Points paid on purchase of principal residence \$		
Street address (including apt. no.) 10050 SHADOW MOUNTAIN		3 Refund of overpaid interest \$		
City, state, and ZIP code YOUR CITY, STATE, ZIP		4 Mortgage insurance premiums \$		
Account number (see instructions) 		5 REAL ESTATE TAXES \$4,000		

Form 1098 (keep for your records) Department of the Treasury - Internal Revenue Service

CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone number TEXAS STATE UNIVERSITY ACCOUNTING OFFICE 601 UNIVERSITY DRIVE SAN MARCOS, TX 78666		1 Payments received for qualified tuition and related expenses \$ 2,750 2 Amounts billed for qualified tuition and related expenses \$	OMB No. 1545-1574 <div style="font-size: 2em; font-weight: bold; text-align: center;">2007</div> Form 1098-T	Tuition Statement
PAYER'S federal identification no. 31-2XXXXXX	STUDENT'S social security number 423-XX-XXXX	3 If this box is checked, your educational institution has changed its reporting method for 2007 <input type="checkbox"/>		Copy B For Student
STUDENT'S name RAYMOND C ANDERSON		4 Adjustments made for a prior year \$	5 Scholarships or grants \$	This is important tax information and is being furnished to the Internal Revenue Service.
Street address (including apt. no.) 801 MOORE RM 215		6 Adjustments to scholarships or grants for a prior year \$	7 Checked if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2008 <input type="checkbox"/>	
City, state, and ZIP code SAN MARCOS, TX 78666		8 Checked if at least half-time student <input checked="" type="checkbox"/>	9 Checked if a graduate student <input type="checkbox"/>	
Service Provider/Acct. No. (see instr.)		10 Inst. contract reimb./refund \$		

Form **1098-T** (keep for your records) Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. HOMELAND FEDERAL CREDIT UNION 2100 PATTON BLVD YOUR CITY, STATE, ZIP		Payer's RTN (optional) 1 Interest income \$ 1,339 2 Early withdrawal penalty \$	OMB No. 1545-0113 <div style="font-size: 2em; font-weight: bold; text-align: center;">2007</div> Form 1099-INT	Interest Income
PAYER'S federal identification number 31-2XXXXXX	RECIPIENT'S identification number 420-XX-XXXX	3 Interest on U.S. Savings Bonds and Treas. obligations \$		Copy B For Recipient
RECIPIENT'S name PETER D ANDERSON		4 Federal income tax withheld \$	5 Investment expenses \$	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address (including apt. no.) 10050 SHADOW MOUNTAIN		6 Foreign tax paid \$	7 Foreign country or U.S. possession	
City, state, and ZIP code YOUR CITY, STATE, ZIP		8 Tax-exempt interest \$	9 Specified private activity bond interest \$	
Account number (see instructions)				

Form **1099-INT** (keep for your records) Department of the Treasury - Internal Revenue Service

Peter D. Anderson	1234
10050 Shadow Mountain	15-0000000000
Your City, State 00000	
_____ 20 _____	
PAY TO THE ORDER OF _____	\$ _____
	DOLLARS
Bank of America	
Anytown, State 00000	
For _____	
:111993776 : 512499 1234	

VOID

Label
(See instructions on page 16.)
Use the IRS label. Otherwise, please print or type.

For the year Jan. 1-Dec. 31, 2007, or other tax year beginning . . . 2007, ending . . . 20		OMB No. 1545-0047
L A B E L	Your first name and initial PETER D	Last name ANDERSON
H E R E	If a joint return, spouse's first name and initial BETH A	Last name ANDERSON
Home address (number and street), if you have a P.O. box, see page 16. 10050 SHADOW MOUNTAIN		Apt. no.
City, town or post office, state, and ZIP code, if you have a foreign address, see page 16. YOUR CITY, STATE, ZIP		Your social security number 420 XX XXXX
		Spouse's social security number 421 XX XXXX
		▲ You must enter your SSN(s) above. ▲

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16) You Spouse

Filing Status
Check only one box.
1 Single
2 Married filing jointly (even if only one had income)
3 Married filing separately. Enter spouse's SSN above and full name here. ▶
4 Head of household (with qualifying persons. (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 Qualifying widow(er) with dependent child (see page 17).

Exemptions

6a Yourself. If someone can claim you as a dependent, do not check box 6a.
6b Spouse.
6c **Dependents:**

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> Qualifying child for credit (see page 17)
RAYMOND C	ANDERSON	423 XX XXXX	SON	<input type="checkbox"/>
JOSHUA R	ANDERSON	424 XX XXXX	SON	<input type="checkbox"/>
KENNETH E	ANDERSON	425 XX XXXX	SON	<input checked="" type="checkbox"/>

If more than four dependents, see page 19.

6d Total number of exemptions claimed **5**

Boxes checked on 6a and 6b: **2**
No. of children on 6c who:
• lived with you: **3**
• did not live with you due to divorce or separation (see page 20): **0**
Dependents on 6c not entered above: **0**
Add numbers on lines above: **5**

Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2 **7 59,590**

8a Taxable interest. Attach Schedule B if required **8a 1,339**

8b Tax-exempt interest. Do not include in line 8a **8b**

9a Ordinary dividends. Attach Schedule B if required **9a**

9b Qualified dividends (see page 22) **9b**

10 Taxable refunds, credits, or offsets of state and local income taxes (see page 24) **10**

11 Alimony received **11**

12 Business income or loss. Attach Schedule C or C-EZ **12**

13 Capital gain or loss. Attach Schedule D if required. If not required, check here **13**

14 Other gains or losses. Attach Form 4797 **14**

If you did not get a W-2, see page 23.

15a IRA distributions **15a** **15b Taxable amount (see page 25)**

16a Pensions and annuities **16a** **16b Taxable amount (see page 26)**

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E **17 4,470**

18 Farm income or loss. Attach Schedule F **18**

19 Unemployment compensation **19**

20a Social security benefits **20a** **20b Taxable amount (see page 27)**

21 Other income. List type and amount (see page 29) **21**

22 Add the amounts in the far right column for lines 7 through 21. This is your total income **22 65,399**

Adjusted Gross Income

23 Educator expenses (see page 30) **23**

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ **24**

25 Health savings account deduction. Attach Form 8889 **25**

26 Moving expenses. Attach Form 3903 **26**

27 One-half of self-employment tax. Attach Schedule SE **27**

28 Self-employed SEP, SIMPLE, and qualified plans **28**

29 Self-employed health insurance deduction (see page 28) **29**

30 Penalty on early withdrawal of savings **30**

31a Alimony paid **31a** **31b Recipient's SSN ▶**

32 IRA deduction (see page 31) **32**

33 Student loan interest deduction (see page 33) **33**

34 Tuition and fees deduction. Attach Form 8917 **34**

35 Domestic production activities deduction. Attach Form 8903 **35**

36 Add lines 23 through 31a and 32 through 35 **36**

37 Subtract line 36 from line 22. This is your adjusted gross income **37 65,399**

Tax and Credits	38	Amount from line 37 (adjusted gross income)	38	65,399
	39a	Check <input type="checkbox"/> You were born before January 2, 1943, <input type="checkbox"/> Blind. Total boxes checked ▶ 39a		
		if: <input type="checkbox"/> Spouse was born before January 2, 1943, <input type="checkbox"/> Blind.		
		b If your spouse itemizes on a separate return or you itemize dual status alien, see page 34 and check here ▶ 39b <input type="checkbox"/>		
	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	10,700
	41	Subtract line 40 from line 38	41	54,699
	42	If line 38 is \$117,500 or less, multiply \$3,400 by the total number of exemptions claimed on line 6c. If line 38 is over \$117,500, see the worksheet on page XX	42	17,000
	43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	37,699
	44	Tax (see page 36). Check if any tax is from: a <input type="checkbox"/> Form(s) 994 b <input type="checkbox"/> Form 9972 c <input type="checkbox"/> Form(s) 9999	44	4,869
	45	Alternative minimum tax (see page 35). Attach Form 6251	45	
	46	Add lines 44 and 45	46	4,869
	47	Credit for child and dependent care expenses. Attach Form 2441	47	
	48	Credit for the elderly or the disabled. Attach Schedule R	48	
	49	Education credits. Attach Form 8863	49	1,650
	50	Residential energy credits. Attach Form 5695	50	
	51	Foreign tax credit. Attach Form 1116 if required	51	
	52	Child tax credit (see page 30). Attach Form 8901 if required	52	1,000
53	Retirement savings contributions credit. Attach Form 8880	53		
54	Credits from: a <input type="checkbox"/> Form 8996 b <input type="checkbox"/> Form 8859 c <input type="checkbox"/> Form 9839	54		
55	Other credits: a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Form	55		
56	Add lines 47 through 55. These are your total credits	56	2,650	
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	2,219	
Other Taxes	58	Self-employment tax. Attach Schedule SE	58	
	59	Unreported social security and Medicare tax from: a <input type="checkbox"/> Form 4137 b <input type="checkbox"/> Form 8919	59	
	60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
	61	Advance earned income credit payments from Form(s) W-2, box 9	61	
	62	Household employment taxes. Attach Schedule H	62	
	63	Add lines 57 through 62. This is your total tax	63	2,219
Payments	64	Federal income tax withheld from Forms W-2 and 1099	64	4,125
	65	2007 estimated tax payments and amount applied from 2006 return	65	
	66a	Earned income credit (EIC)	66a	
	66b	Non-taxable combat pay election ▶ 66b	66b	
	67	Excess social security and tier 1 RRTA tax withheld (see page 60)	67	
	68	Additional child tax credit. Attach Form 8812	68	
	69	Amount paid with request for extension to file (see page 60)	69	
	70	Payments from: a <input type="checkbox"/> Form 2438 b <input type="checkbox"/> Form 4138 c <input type="checkbox"/> Form 8865	70	
71	Refundable credit for prior year minimum tax from Form 8801, line 27	71		
72	Add lines 64, 65, 66a, and 67 through 71. These are your total payments	72	4,125	
Refund	73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid	73	1,906
	74a	Amount of line 73 you want refunded to you. If Form 8878 is attached, check here ▶ <input type="checkbox"/>	74a	1,906
	b	Routing number 1 1 1 9 9 3 7 7 6 ▶ c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
d	Account number 5 1 2 4 9 9			
75	Amount of line 73 you want applied to your 2006 estimated tax ▶	75		
Amount You Owe	76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 62 ▶	76	
	77	Estimated tax penalty (see page 62)	77	

Third Party Designee Do you want to allow another person to discuss this return with the IRS (see page 63)? Yes. Complete the following. No

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

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

Your signature	Date	Your occupation AIR FORCE OFFICER	Daytime phone number
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation HOMEMAKER	

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN S41024444
Firm's name (or yours if self-employed), address, and ZIP code ▶	ETIN	Phone no. () -	



SCHEDULE E
(Form 1040)

Supplemental Income and Loss
(From rental real estate, royalties, partnerships,
S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0044

2007

Attachment
Sequence No. **13**

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040, 1040NR, or Form 1041. ▶ See instructions for Schedule E (Form 1040).

Name(s) shown on return:

PETER D & BETH A ANDERSON

Your social security number

420 XX XXXX

Part I **Income or Loss From Rental Real Estate and Royalties** Note: If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

1	List the type and location of each rental real estate property.	2	For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:	Yes	No
A	CONDO SACRAMENTO, CA		<ul style="list-style-type: none"> • 14 days or • 10% of the total days rented at fair rental value? (See page E-3.)		<input checked="" type="checkbox"/>
B					
C					

	Properties			Totals	
	A	B	C	(Add columns A, B, and C.)	
3 Rents received	3	9,000		3	9,000
4 Royalties received	4			4	
Expenses:					
5 Advertising	5				
6 Auto and travel (see page E-4)	6				
7 Cleaning and maintenance	7				
8 Commissions	8				
9 Insurance	9				
10 Legal and other professional fees	10				
11 Management fees	11	720			
12 Mortgage interest paid to banks, etc. (see page E-4)	12	2,145		12	2,145
13 Other interest	13				
14 Repairs	14	275			
15 Supplies	15				
16 Taxes	16	970			
17 Utilities	17				
18 Other (list) ▶ MAINTENANCE FEE	18	420			
19 Add lines 5 through 18	19	4,530		19	4,530
20 Depreciation expense or depletion (see page E-4)	20			20	
21 Total expenses. Add lines 19 and 20	21	4,530			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-5 to find out if you must file Form 6198	22	4,470			
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-5 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2	23	()	()	()	
24 Income. Add positive amounts shown on line 22. Do not include any losses	24			24	4,470
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here	25	()	()		
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26			26	4,470

Form **8863**

Education Credits
(Hope and Lifetime Learning Credits)

OMB No. 1545-0074

2007

Department of the Treasury
Internal Revenue Service (IRS)

▶ See instructions.
▶ Attach to Form 1040 or Form 1040A.

Attachment
Sequence No. **50**

Name(s) shown on return

PETER D AND BETH A ANDERSON

Your social security number

420 XX XXXX

Caution: • You cannot take the Hope credit and the lifetime learning credit for the same student in the same year.
• You cannot take both an education credit and the tuition and fees deduction (see Form 8917) for the same student in the same year.

Part I Hope Credit. Caution: You cannot take the Hope credit for more than 2 tax years for the same student.

1	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions). Do not enter more than \$2,200 for each student.	(d) Enter the smaller of the amount in column (c) or \$1,100.	(e) Add column (c) and column (d)	(f) Enter one-half of the amount in column (e)	
	RAYMOND C ANDERSON	423 XX XXXX	2,200	1,100	3,300	1,650	
2	Tentative Hope credit. Add the amounts on line 1, column (f). If you are taking the lifetime learning credit for another student, go to Part II; otherwise, go to Part III.					2	1,650

Part II Lifetime Learning Credit

3	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions)	
4	Add the amounts on line 3, column (c), and enter the total.			4
5	Enter the smaller of line 4 or \$10,000.			5
6	Tentative lifetime learning credit. Multiply line 5 by 20% (.20) and go to Part III.			6

Part III Allowable Education Credits

7	Tentative education credits. Add lines 2 and 6.			7	1,650
8	Enter: \$114,000 if married filing jointly; \$57,000 if single, head of household, or qualifying widow(er).			8	114,000
9	Enter the amount from Form 1040, line 38*, or Form 1040A, line 22.			9	65,399
10	Subtract line 9 from line 8. If zero or less, stop; you cannot take any education credits.			10	48,601
11	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er).			11	20,000
12	If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places).			12	X .
13	Multiply line 7 by line 12.			13	1,650
14	Enter the amount from Form 1040, line 44, or Form 1040A, line 28 (minus any alternative minimum tax included on Form 1040A, line 28).			14	4,869
15	Enter the total, if any, of your credits from Form 1040, lines 47 and 48, or Form 1040A, lines 29 and 30.			15	0
16	1040 filers: Enter the amount from Form 6251, line 31 (see instructions). 1040A filers: Enter the amount, if any, from the Alternative Minimum Tax Worksheet, line 23 (see instructions).			16	0
17	Add lines 15 and 16.			17	0
18	Subtract line 17 from line 14. If zero or less, stop. You cannot take any education credits.			18	4,869
19	Education credits. Enter the smaller of line 13 or line 18 here and on Form 1040, line 49, or Form 1040A, line 31.			19	1,650

* If you are filing Form 2555, 2555-EZ, or 4563, or you are excluding income from Puerto Rico, see Pub. 970 for the amount to enter.

For Paperwork Reduction Act Notice, see page 4.

Cat. No. 25379M

Form **8863** (2007)

Military Scenario 2: Test Questions

Directions

Using your resource materials, answer the following questions about the tax return prepared for the Andersons. Form 6251 does not apply to this taxpayer. Therefore, enter 0 on line 16, Form 8863. You are at site S41024444.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 13.1** The correct wages, salaries, tips, etc. listed on line 7 of Form 1040 is:
\$_____
- 13.2** Are all the social security numbers listed correctly?
- a. Yes
 - b. No
- 13.3** The correct deduction on line 40 of Form 1040 is: \$_____
- 13.4** The correct sum of expenses on line 19 of Schedule E is: \$_____
- 13.5** Is the total rental real estate and royalty income or loss on line 26 of Schedule E correct?
- a. Yes
 - b. No
 - c. Not applicable for this return
- 13.6** Is the Child Tax Credit shown on Line 52 of Form 1040 correct?
- a. Yes
 - b. No
- 13.7** Is the education credit amount on line 19 of Form 8863, Education Credits, correct?
- a. Yes
 - b. No
 - c. Not applicable for this return
- 13.8** Is the direct deposit information on lines 74b, 74c, and 74d of Form 1040 correct?
- a. Yes
 - b. No
 - c. Not applicable for this return

2007 6744 Test – International Course

International Scenario 1: Jason and Ella Barnes

Taxpayer Jason and Ella Barnes completed Form 13614, Intake and Interview Sheet.

Taxpayer Documents

- Form 13614
- Social security cards for Jason and Ella Barnes
- Form W-2 for Ella Barnes
- Form 1099-INT

Note Before completing this scenario, refer to the directions listed before the scenario questions.

Interview Notes

- Jason and Ella Barnes are both U.S. citizens who have lived and worked in France since June 23, 2003. They did not return to the U.S. at any time during 2007.
- Income
 - Jason is a teacher at the Academie Lyon, 7250 St. Charles in Lyon, France. He received his wages in French currency, which total \$37,500 after converting to U.S. dollars.
 - Jason had \$2,366 in French income tax withheld from his wages after converting to U.S. dollars.
 - They have taken the Foreign Earned Income Exclusion for Jason's wages in 2004, 2005, and 2006, and expect to do that again this year. They have never revoked this exclusion.
 - Ella worked at the U.S. consulate and has a Form W-2 for her salary.
 - They have a checking and savings account at a French bank. After converting to U.S. dollars, the interest was \$1,715 and the French income tax withheld on the interest was \$429.
 - They also have an account in a U.S. bank (Form 1099-INT).
- Sale of Property, lake lot
 - Purchased August 8, 2000, for \$10,000
 - Sold March 25, 2007, for \$17,000
 - Paid sales commission and closing costs of \$1,620

**Interview
Notes**
(continued)

- Sale of stock
 - Ella inherited 550 shares of J & J Imports stock on January 19, 2007
 - Fair market value at the time they were inherited was \$16,500
 - Ella sold 250 shares of J & J Imports stock on May 1, 2007, for \$9,250 (net of commissions)
- Additional Information
 - Neither of them wants to designate \$3 to the Presidential Election Campaign Fund



You (and Spouse) will need:

- *Proof of Identity*
- *Copies of ALL W-2, 1098, 1099 forms*
- *Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return*
- *Child care provider's identification number*
- *Banking information (checking and/or savings account) for direct deposit/debit*
- *Amounts/dates of estimated or other tax payments made, etc.*
- *Amounts of other income*

Part I: Taxpayer Information

1. Your First Name JASON		M.I. P	Last Name BARNES		2. SSN or ITIN 5 1 0 - X X - X X X X		
3. Date of Birth (mm/dd/yyyy) 10 / 3 / 1982	4. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		5. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		6. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
7. Spouse's First Name ELLA		M.I. M	Last Name BARNES		8. SSN or ITIN 5 1 1 - X X - X X X X		
9. Date of Birth (mm/dd/yyyy) 12 / 21 / 1984	10. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		11. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
13. Address 720 RUE DE LA MAIN			Apt # 5	City LYON, FRANCE		State 	Zip Code
14. Phone Number and e-mail address Phone: () YOUR PHONE NUMBER e-mail: _____				15. Can you or your spouse be claimed as a dependent on the income tax return of any other person for 2007? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
16. On December 31, 2007:							
a. Were you: <input type="checkbox"/> Single <input checked="" type="checkbox"/> Legally Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed							
b. If married, were you living together (with your husband/wife) <u>on/after June 30, 2007</u> ? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
c. Was your spouse deceased? If yes, provide the date of death. _____ (mm/dd/yyyy)							
17. Did you pay more than half the cost of keeping up the home for the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							

Part II. Family and Dependent Information – Do not include you or your spouse.

Print the name of everyone who lived in your home and outside your home that you supported during the year.

Name (first, last)	Date of Birth (mm/dd/yyyy)	Social Security Number or ITIN	Relationship to you (son, daughter, etc.)	Number of months person lived with you in 2007	US Citizen, Resident of US, Canada or Mexico (yes or no)	Is the dependent a full time student born before 1980? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)

Paperwork Reduction Act Notice

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.

Catalog Number 38936A

Form **13614** (Rev. 7-2007)

Page 2 TO BE COMPLETED WITH CERTIFIED VOLUNTEER

Volunteer Preparer Instructions: In order to complete an accurate return you must conduct a thorough interview. This intake sheet does not constitute a complete interview. Remember to ask the taxpayer for all their documentation. Based on your interview with the taxpayer be sure to note changes to information on the intake sheet. Confirm information on page 1 with taxpayer.

Use the decision trees in **Publication 4012,**
Volunteer Resource Guide while discussing the questions below with the taxpayer.

Part III. Filing Status & Dependency Determination

Based on the interview, the filing status of the taxpayer is: Single MFJ MFS* HOH QW

*Spouse Name _____ Social Security Number _____

- Yes No 1. Did you provide more than 50% of the support for the dependents claimed?
 Yes No 2. Can anyone else claim any of these dependents on their income tax return?
 Yes No 3. Were any of these dependents permanently and totally disabled in 2007?
 Yes No 4. Did any of these dependents file a joint return for 2007?
_____ 5. Based on the interview, how many individuals qualify as dependents for this return?

COMMONLY USED INCOME AND EXPENSES

Part IV. Income – In 2007, did you (or your spouse) receive:

- Yes No 1. Wages or Salary (include W-2s for all jobs worked during the year)
 Yes No 2. Disability income
 Yes No 3. Interest/Dividends from: checking or savings account, bonds, CDs, or brokerage account
 Yes No 4. State tax refund (may be taxable if you itemized last year)
 Yes No 5. Alimony income
 Yes No 6. Tip income
 Yes No 7. Pension and/or IRA distribution
 Yes No 8. Unemployment (1099-G)
 Yes No 9. Social Security or Railroad Retirement Benefits (1099-SSA or RRB)
 Yes No 10. Self Employment Income - business, farm, hobby (1099-Misc or any earned income not reported on W-2)
 Yes No 11. Other Income such as gambling winnings, awards, prizes and Jury Duty pay, etc.

Part V. Adjustments – In 2007 did you (or your spouse) make:

- Yes No 1. Contributions to IRA, 401k or other retirement account
 Yes No 2. Alimony payments (if yes, you must provide the name and SSN of the recipient)
 Yes No 3. Education related expenses.

Part VI. Itemized Deductions – Did you (or your spouse) have 2007 expenses for:

- Yes No 1. Un-reimbursed medical expenses
 Yes No 2. Home mortgage payments (interest and taxes – see Form 1098)
 Yes No 3. Charitable contributions

Part VII. Credits – In 2007 did you (or your spouse) have:

- Yes No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
 Yes No 2. Educational expenses for you (or your spouse) and/or your dependents
 Yes No 3. Retirement Contribution to a traditional IRA, Roth IRA or 401k as shown on Form W-2

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

- Yes No 1. Was EITC previously disallowed? (if yes, taxpayer may not be eligible for EITC)
 Yes No 2. Based on the interview, is the taxpayer qualified for EITC?

a Employee's social security number 511 - XX - XXXX		Safe, accurate, FAST! Use e-file Visit the IRS website at www.irs.gov/efile.	
b Employer identification number (EIN) 40-1XXXXXX		1 Wages, tips, other compensation \$26,300	2 Federal income tax withheld \$2,124
c Employer's name, address, and ZIP code US CONSULATE 97 RUE ST JACQUES LYON, FRANCE		3 Social security wages \$27,500	4 Social security tax withheld \$1,705
		5 Medicare wages and tips \$27,500	6 Medicare tax withheld \$399
		7 Social security tips	8 Allocated tips
		9 Advance EIC payment	10 Dependent care benefits
d Control number			
e Employee's first name and initial Last name Suffix ELLA M BARNES 720 RUE DE LA MAIN LYON, FRANCE		11 Nonqualified plans	12a See instructions for box 12 D \$1,200.00
f Employee's address and ZIP code		13 Retiree annuity Payer's name Tax year	12b
		<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	12c
		14 Other	12d
15 State Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.
		19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement **2007** 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, state, ZIP code, and telephone no. TEACHERS FEDERAL CREDIT UNION 7200 APPLE TREE YOUR CITY, STATE ZIP		Payer's RTN (optional)	OMB No. 1545-0112 2007 Interest Income Form 1099-INT
1 Interest income \$ 360			
2 Early withdrawal penalty \$			
3 Interest on U.S. Savings Bonds and Treas. obligations \$			
4 Federal income tax withheld \$	5 Investment expenses \$	Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
6 Foreign tax paid \$	7 Foreign country or U.S. possession		
8 Tax-exempt interest \$	9 Specified private activity bond interest \$		
Form 1099-INT (keep for your records) Department of the Treasury - Internal Revenue Service			

International Scenario 1: Test Questions

Directions

Complete Form 1040 through line 57 and the appropriate forms, schedules, or worksheets to answer the following questions. You are a volunteer at site number S51015555. If using Form 1116, Lines 3f and 18 must be carried to four decimal places.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 14.1** What are the Barnes' wages, salaries, tips, etc. reported on line 7 of Form 1040?
- a. \$26,300
 - b. \$37,500
 - c. \$63,800
 - d. \$65,000
- 14.2** The Barnes' net short-term capital gain or loss on line 7 of Schedule D is: \$_____
- 14.3** What is the Barnes' net long-term capital gain or loss on line 15 of Schedule D?
- a. \$0
 - b. \$1,750
 - c. \$5,380
 - d. \$7,130
- 14.4** What is the entry on Line 21 of Form 1040? \$_____
- 14.5** What should be entered as the start and end dates for the Barnes' bona fide residence as recorded on line 1b of Form 2555EZ?
- a. 01/01/2006, 12/31/2007
 - b. 06/23/2003, 12/31/2007
 - c. 06/23/2003, Continues
- 14.6** What is the entry on Line 44 of Form 1040?
- a. \$1,365
 - b. \$1,921
 - c. \$1,985
 - d. \$7,546
- 14.7** The Barnes' foreign tax credit on line 51 of Form 1040 is: \$_____

International Scenario 2: Douglas and Claire Richards

Taxpayer Douglas and Claire Richards completed Form 13614, Intake and Interview Sheet.

- Taxpayer Documents**
- Form 13614
 - Social security cards for Douglas, Claire and Patrick
 - Form W-2
 - Form 1099-R
 - Forms 1099-INT
 - Voided check
-

Note Before completing this scenario, refer to the directions listed before the scenario questions.

- Interview Notes**
- Citizenship: Douglas Richards is a U.S. citizen who is married to Claire, a citizen of Singapore. Both have social security numbers.
 - Residence:
 - Moved to Singapore 01/23/07; arrived at 10 p.m.
 - Left Singapore on 12/21/07 for a visit to the U. S.
 - Returned to Singapore on 01/04/08
 - Currently renting home in Singapore
 - Children: They have one child who is a senior in high school. Douglas and Claire provide all of his support.
 - Employment:
 - Douglas:
 - Employed part-time in Singapore for Liam and Sons Architectural Design, 52 Poet's Lane, Singapore
 - Income: \$7,200 Singapore Dollars (SGD); withholding: \$1,800 SGD for income tax; average exchange rate for the period he received the payments: 1.4549 SGD = 1 USD
 - Claire:
 - Self-employed physical therapist
 - Did not work in the U.S. in 2007
 - Income from Singapore converted into U.S. dollars (USD) \$5,400
 - Income tax: \$500 SGD (exchange rate on the day she made the payment was 1.2661 SGD = 1 USD)
 - Business code: 621340
 - Supplies and equipment: \$540 USD
 - Licenses: \$250 USD
 - Professional dues: \$300 USD
 - Advertising: \$475 USD
-

**Interview
Notes**
(continued)

- Automobile use:
 - purchased car 02/18/07
 - started using it for work 04/03/07
 - total mileage 12,100
 - mileage for business 1,550 (kept diary of mileage)
- Retirement Income
 - Douglas:
 - Retired as a professor of architecture on 01/03/07
 - Receives monthly pension payments starting 02/01/07; Claire will receive beneficiary payments after his death
- Property:
 - Primary home:
 - Bought U.S. home 04/22/85 for \$125,000
 - Sold home on 01/18/07 for \$435,000 (net after commissions and closing costs)
 - Made capital improvements of \$35,000 between 1985 and date of sale
 - Lived in house until sale
 - Rental duplex:
 - Rented one side all year; used other side for personal storage
 - Income: \$7,200
 - Interest on entire duplex: \$3,200
 - Real estate taxes on the entire duplex: \$1,500
 - Painting inside the entire duplex: \$760
 - Insurance on entire duplex: \$900
 - Depreciation for just the rental side: \$2,200 (schedule provided by taxpayer)
- Other:
 - Foreign Earned Income Exclusion:
 - Have never claimed it; want to know if it is appropriate for them
 - Potential qualifying period identified by taxpayers: 01/24/07 through 01/23/08
 - Interest income:
 - \$3,275 (bank provided conversion to U.S. dollars) from accounts at Kerry Home Bank; \$819 U.S. dollars withheld for income tax
 - Several open U.S. accounts shown on Forms 1099-INT
 - Itemizing: They do not think they have enough qualified expenses
 - Presidential Election Campaign Fund: Neither wants to designate \$3
 - Refund or payment: Douglas wants to have a direct deposit or direct debit using their checking account #062332 at University Bank, RTN 111900659



You (and Spouse) will need:

- *Proof of identity*
- *Child care provider's identification number*
- *Copies of ALL W-2, 1098, 1099 forms*
- *Banking information (checking and/or savings account) for direct deposit/debit*
- *Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return*
- *Amounts/dates of estimated or other tax payments made, etc.*
- *Amounts of other income*

Part I: Taxpayer Information

1. Your First Name DOUGLAS		M.I. A	Last Name RICHARDS		2. SSN or ITIN 5 2 0 - X X - X X X X		
3. Date of Birth (mm/dd/yyyy) 05 / 11 / 1948	4. US Citizen or Resident Alien <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		5. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		6. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
7. Spouse's First Name CLAIRE		M.I. S	Last Name RICHARDS		8. SSN or ITIN 5 2 1 - X X - X X X X		
9. Date of Birth (mm/dd/yyyy) 01 / 16 / 1953	10. US Citizen or Resident Alien <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		11. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
13. Address 27 BERRY LANE			Apt #	City SINGAPORE		State	Zip Code
14. Phone Number and e-mail address Phone: () YOUR PHONE NUMBER e-mail:				15. Can you or your spouse be claimed as a dependent on the income tax return of any other person for 2007? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
16. On December 31, 2007:							
a. Were you: <input type="checkbox"/> Single <input checked="" type="checkbox"/> Legally Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed							
b. If married, were you living together (with your husband/wife) on/after June 30, 2007? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
c. Was your spouse deceased? If yes, provide the date of death, _____ (mm/dd/yyyy)							
17. Did you pay more than half the cost of keeping up the home for the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							

Part II. Family and Dependent Information – Do not include you or your spouse.

Print the name of everyone who lived in your home and outside your home that you supported during the year.

Name (first, last)	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship to you (son, daughter, etc.)	Number of months person lived with you in 2007	US Citizen, Resident of US, Canada or Mexico (yes or no)	Is the dependent a full time student born before 1989? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
PATRICK D RICHARDS	9/25/1989	522-XX-XXXX	SON	12	YES	NO

Paperwork Reduction Act Notice

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.

Catalog Number 38836A

Form **13614** (Rev. 7-2007)

Page 2 TO BE COMPLETED WITH CERTIFIED VOLUNTEER

Volunteer Preparer Instructions: In order to complete an accurate return you must conduct a thorough interview. This intake sheet does not constitute a complete interview. Remember to ask the taxpayer for all their documentation. Based on your interview with the taxpayer be sure to note changes to information on the intake sheet. Confirm information on page 1 with taxpayer.

Use the decision trees in **Publication 4012,**
Volunteer Resource Guide while discussing the questions below with the taxpayer.

Part III. Filing Status & Dependency Determination

Based on the interview, the filing status of the taxpayer is: Single MFJ MFS* HOH QW

*Spouse Name _____ Social Security Number _____

- | | | |
|---|--|--|
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 1. Did you provide more than 50% of the support for the dependents claimed? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 2. Can anyone else claim any of these dependents on their income tax return? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 3. Were any of these dependents permanently and totally disabled in 2007? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 4. Did any of these dependents file a joint return for 2007? |
| | | 5. Based on the interview, how many individuals qualify as dependents for this return? |

COMMONLY USED INCOME AND EXPENSES

Part IV. Income – In 2007, did you (or your spouse) receive:

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 1. Wages or Salary (include W-2s for all jobs worked during the year) |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 2. Disability income |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 3. Interest/Dividends from: checking or savings account, bonds, CDs, or brokerage account |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 4. State tax refund (may be taxable if you itemized last year) |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 5. Alimony income |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 6. Tip income |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 7. Pension and/or IRA distribution |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 8. Unemployment (1099-G) |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 9. Social Security or Railroad Retirement Benefits (1099-SSA or RRB) |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 10. Self Employment Income - business, farm, hobby (1099-Misc or any earned income not reported on W-2) |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 11. Other Income such as gambling winnings, awards, prizes and Jury Duty pay, etc. |

Part V. Adjustments – In 2007 did you (or your spouse) make:

- | | | |
|------------------------------|--|--|
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 1. Contributions to IRA, 401k or other retirement account |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 2. Alimony payments (if yes, you must provide the name and SSN of the recipient) |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 3. Education related expenses |

Part VI. Itemized Deductions – Did you (or your spouse) have 2007 expenses for:

- | | | |
|------------------------------|--|--|
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 1. Un-reimbursed medical expenses |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 2. Home mortgage payments (interest and taxes – see Form 1098) |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 3. Charitable contributions |

Part VII. Credits – In 2007 did you (or your spouse) have:

- | | | |
|------------------------------|--|--|
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 2. Educational expenses for you (or your spouse) and/or your dependents |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 3. Retirement Contribution to a traditional IRA, Roth IRA or 401k as shown on Form W-2 |

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

- | | | |
|------------------------------|--|--|
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 1. Was EITC previously disallowed? (if yes, taxpayer may not be eligible for EITC) |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 2. Based on the interview, is the taxpayer qualified for EITC? |

a Employee's social security number 520 - XX - XXXX		Safe, accurate, FAST! Use e-file		Visit the IRS website at www.irs.gov/efile .	
b Employer identification number (EIN) 41-1XXXXXX		1 Wages, tips, other compensation \$11,000	2 Federal income tax withheld \$3,000		
c Employer's name, address, and ZIP code CITY UNIVERSITY 1000 PROVOST DRIVE YOUR CITY, STATE ZIP		3 Social security wages \$0	4 Social security tax withheld \$0		
		5 Medicare wages and tips \$12,500	6 Medicare tax withheld \$181		
		7 Social security tips	8 Allocated tips		
		9 Advance EIC payment	10 Dependent care benefits		
d Control number		11 Nonqualified plans		12a See instructions for box 12 D \$1,500.00	
e Employee's first name and initial Last name Suffix DOUGLAS A RICHARDS 27 BERRY LANE SINGAPORE		13 Health coverage <input type="checkbox"/> Health <input checked="" type="checkbox"/> Supplemental <input type="checkbox"/> Both		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code		15 Form Employer's state ID number YS 41-1XXXXXX	16 State wages, tips, etc. \$11,000	17 State income tax \$1,800	18 Local wages, tips, etc.
		19 Local income tax	20 Locality name		

Form **W-2** Wage and Tax Statement **2007** 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, state, and ZIP code TEACHER RETIREMENT SYSTEM 1513 WEST DALTON YOUR CITY, STATE ZIP		1 Gross distribution \$ 75000	OMB No. 1545-0119 2007 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
PAYER'S federal identification number 41-2XXXXXX		2a Taxable amount \$	2b Taxable amount not determined <input checked="" type="checkbox"/> Total distribution <input type="checkbox"/>		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.
RECIPIENT'S identification number 520-XX-XXXX		3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ 9850		
RECIPIENT'S name DOUGLAS A RICHARDS		5 Employee contributions /Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$		This information is being furnished to the Internal Revenue Service.
Street address (including apt. no.) 27 BERRY LANE		7 Distribution code(s) 7	8 Other \$ %		
City, state, and ZIP code SINGAPORE		9a Your percentage of total distribution %	9b Total employee contributions \$ 245800		
1st year of design. Roth contrib.		10 State tax withheld \$	11 State/Payer's state no.	12 State distribution \$	
Account number (see instructions)		13 Local tax withheld \$	14 Name of locality	15 Local distribution \$	

Form **1099-R** Department of the Treasury — Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. UNIVERSITY BANK 1826 SCHOLASTIC BLVD YOUR CITY, STATE ZIP		Payer's RTN (optional) 1 Interest income \$ 1084 2 Early withdrawal penalty \$		OMB No. 1545-0112 <div style="font-size: 2em; font-weight: bold; text-align: center;">2007</div> Interest Income Form 1099-INT			
		PAYER'S federal identification number 41-3XXXXXX		RECIPIENT'S identification number 520-XX-XXXX			
RECIPIENT'S name DOUGLAS A RICHARDS Street address (including apt. no.) 27 BERRY LANE City, state, and ZIP code SINGAPORE Account number (see instructions)		3 Interest on U.S. Savings Bonds and Treas. obligations \$		Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.			
		4 Federal income tax withheld \$				5 Investment expenses \$	
		6 Foreign tax paid \$				7 Foreign country or U.S. possession \$	
		8 Tax-exempt interest \$				9 Specified private activity bond interest \$	
Form 1099-INT		(keep for your records)		Department of the Treasury - Internal Revenue Service			

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. TEACHER'S FEDERAL CREDIT UNION 222 SOUTH DELAWARE YOUR CITY, STATE ZIP		Payer's RTN (optional) 1 Interest income \$ 256 2 Early withdrawal penalty \$		OMB No. 1545-0112 <div style="font-size: 2em; font-weight: bold; text-align: center;">2007</div> Interest Income Form 1099-INT			
		PAYER'S federal identification number 41-4XXXXXX		RECIPIENT'S identification number 520-XX-XXXX			
RECIPIENT'S name DOUGLAS A RICHARDS Street address (including apt. no.) 27 BERRY LANE City, state, and ZIP code SINGAPORE Account number (see instructions)		3 Interest on U.S. Savings Bonds and Treas. obligations \$		Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.			
		4 Federal income tax withheld \$				5 Investment expenses \$	
		6 Foreign tax paid \$				7 Foreign country or U.S. possession \$	
		8 Tax-exempt interest \$				9 Specified private activity bond interest \$	
Form 1099-INT		(keep for your records)		Department of the Treasury - Internal Revenue Service			

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. TEACHER'S FEDERAL CREDIT UNION 222 SOUTH DELAWARE YOUR CITY, STATE ZIP		Payer's RTN (optional) 1 Interest income \$ 583 2 Early withdrawal penalty \$		OMB No. 1545-0112 <div style="font-size: 2em; font-weight: bold; text-align: center;">2007</div> Interest Income Form 1099-INT			
		PAYER'S federal identification number 41-4XXXXXX		RECIPIENT'S identification number 521-XX-XXXX			
RECIPIENT'S name CLAIRE S RICHARDS Street address (including apt. no.) 27 BERRY LANE City, state, and ZIP code SINGAPORE Account number (see instructions)		3 Interest on U.S. Savings Bonds and Treas. obligations \$		Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.			
		4 Federal income tax withheld \$				5 Investment expenses \$	
		6 Foreign tax paid \$				7 Foreign country or U.S. possession \$	
		8 Tax-exempt interest \$				9 Specified private activity bond interest \$	
Form 1099-INT		(keep for your records)		Department of the Treasury - Internal Revenue Service			

Douglas A. Richards
27 Berry Lane
Singapore

1234
15-0000000000

20

PAY TO THE
ORDER OF

\$

DOLLARS

University Bank
Anytown, State 00000

For

+111900659 : 062332 1234

VOID

Label
(See instructions on page 16.)
Use the IRS label. Otherwise, please print or type.

For the year Jan. 1-Dec. 31, 2007, or other tax year beginning . . . 2007, ending . . . 20		OMB No. 1545-0047
L	Your first name and initial DOUGLAS A	Last name RICHARDS
A	If a joint return, spouse's first name and initial CLAIRE S	Last name RICHARDS
S	Your social security number 520 XX XXXX	
E	Spouse's social security number 521 XX XXXX	
L	Home address (number and street), if you have a P.O. box, see page 16. Apt. no. 27 BERRY LANE	
E	City, town or post office, state, and ZIP code, if you have a foreign address, see page 16. SINGAPORE	
R	Checking a box below will not change your tax or refund. ▲ You must enter your SSN(s) above. ▲	

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16) You Spouse

Filing Status
Check only one box.
1 Single
2 Married filing jointly (even if only one had income)
3 Married filing separately. Enter spouse's SSN above and full name here. ▶
4 Head of household (with qualifying persons. (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 Qualifying widow(er) with dependent child (see page 17).

Exemptions
6a Yourself. If someone can claim you as a dependent, do not check box 6a.
b Spouse.
c **Dependents:**
(1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) Qualifying child for child tax credit (see page 15).
PATRICK D RICHARDS 522 XX XXXX SON
If more than four dependents, see page 19.
d Total number of exemptions claimed **3**

Income	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	15949
	8a	Taxable interest. Attach Schedule B if required	8a	1933
	8b	Tax-exempt interest. Do not include in line 8a	8b	
	9a	Ordinary dividends. Attach Schedule B if required	9a	
	9b	Qualified dividends (see page 23)	9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes (see page 24)	10	
	11	Alimony received	11	
	12	Business income or loss. Attach Schedule C or C-EZ	12	3083
	13	Capital gain or loss. Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	13	
	14	Other gains or losses. Attach Form 4797	14	
	15a	IRA distributions 15a	15b	
	15b	Taxable amount (see page 25)	15b	
	16a	Pensions and annuities 16a 75000	16b	67487
	16b	Taxable amount (see page 26)	16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	1820
	18	Farm income or loss. Attach Schedule F	18	
	19	Unemployment compensation	19	
	20a	Social security benefits 20a	20b	
	20b	Taxable amount (see page 27)	20b	
	21	Other income. List type and amount (see page 29) F2555(2865)F2555EZ(4949)	21	(7814)
	22	Add the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	82458

Adjusted Gross Income	23	Educator expenses (see page XX)	23	
	24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
	25	Health savings account deduction. Attach Form 8889	25	
	26	Moving expenses. Attach Form 3903	26	
	27	One-half of self-employment tax. Attach Schedule SE	27	218
	28	Self-employed SEP, SIMPLE, and qualified plans	28	
	29	Self-employed health insurance deduction (see page 29)	29	
	30	Penalty on early withdrawal of savings	30	
	31a	Alimony paid b Recipient's SSN ▶	31a	
	32	IRA deduction (see page 31)	32	
	33	Student loan interest deduction (see page 33)	33	
	34	Tuition and fees deduction. Attach Form 8917	34	
	35	Domestic production activities deduction. Attach Form 8803	35	
	36	Add lines 23 through 31a and 32 through 35	36	218
	37	Subtract line 36 from line 22. This is your adjusted gross income ▶	37	82240

Tax and Credits	38	Amount from line 37 (adjusted gross income)	38	82240
	39a	Check <input type="checkbox"/> You were born before January 2, 1943, <input type="checkbox"/> Blind. Total boxes checked ▶ 39a <input type="checkbox"/>		
		if: <input type="checkbox"/> Spouse was born before January 2, 1943, <input type="checkbox"/> Blind.		
	b	If your spouse itemizes on a separate return or you itemize as a dual status alien, see page 34 and check here ▶ 39b <input type="checkbox"/>		
	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	10700
	41	Subtract line 40 from line 38	41	71540
	42	If line 38 is \$117,500 or less, multiply \$3,400 by the total number of exemptions claimed on line 6c. If line 38 is over \$117,500, see the worksheet on page XX	42	10200
	43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	61340
	44	Tax (see page 36). Check if any tax is from: a <input type="checkbox"/> Form(s) 994 b <input type="checkbox"/> Form 9972 c <input type="checkbox"/> Form(s) 9999	44	8416
	45	Alternative minimum tax (see page 35). Attach Form 6251	45	
	46	Add lines 44 and 45	46	8416
	47	Credit for child and dependent care expenses. Attach Form 2441	47	
	48	Credit for the elderly or the disabled. Attach Schedule R	48	
	49	Education credits. Attach Form 8863	49	
	50	Residential energy credits. Attach Form 5695	50	
	51	Foreign tax credit. Attach Form 1116 if required	51	394
	52	Child tax credit (see page 30). Attach Form 8901 if required	52	
	53	Retirement savings contributions credit. Attach Form 8880	53	
	54	Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8859 c <input type="checkbox"/> Form 9839	54	
	55	Other credits: a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Form	55	
	56	Add lines 47 through 55. These are your total credits	56	394
	57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	8022
Other Taxes	58	Self-employment tax. Attach Schedule SE	58	436
	59	Unreported social security and Medicare tax from: a <input type="checkbox"/> Form 4137 b <input type="checkbox"/> Form 8919	59	
	60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
	61	Advance earned income credit payments from Form(s) W-2, box 9	61	
	62	Household employment taxes. Attach Schedule H	62	
	63	Add lines 57 through 62. This is your total tax	63	8458
Payments	64	Federal income tax withheld from Forms W-2 and 1099	64	12850
	65	2007 estimated tax payments and amount applied from 2006 return	65	
	66a	Earned income credit (EIC)	66a	
	b	Nontaxable combat pay election ▶ 66b <input type="checkbox"/>		
	67	Excess social security and tier 1 RRTA tax withheld (see page 60)	67	
	68	Additional child tax credit. Attach Form 8812	68	
	69	Amount paid with request for extension to file (see page 60)	69	
	70	Payments from: a <input type="checkbox"/> Form 2438 b <input type="checkbox"/> Form 4138 c <input type="checkbox"/> Form 8865	70	
	71	Refundable credit for prior year minimum tax from Form 8801, line 27	71	
	72	Add lines 64, 65, 66a, and 67 through 71. These are your total payments	72	12850
Refund	73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid	73	4392
Direct deposit? See page 61 and 68 in 74b, 74c, and 74d, or Form 8888	74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here ▶ <input type="checkbox"/>	74a	4392
	b	Routing number <input type="text" value="111900659"/> ▶ c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d	Account number <input type="text" value="062332"/>		
	75	Amount of line 73 you want applied to your 2006 estimated tax ▶	75	
Amount You Owe	76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 62 ▶	76	
	77	Estimated tax penalty (see page 62)	77	
Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see page 63)? <input type="checkbox"/> Yes. Complete the following. <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 page 17. Keep a copy for your records.	Your signature	Date	Your occupation	Daytime phone number () - () - ()
	Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	
Paid Preparer's Use Only	Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN S52015555
	Firm's name (or yours if self-employed, address, and ZIP code) ▶	ETIN		
		Phone no. () - () - ()		



**SCHEDULE C-EZ
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Net Profit From Business
(Sole Proprietorship)

▶ Partnerships, joint ventures, etc., must file Form 1065 or 1065-B.
▶ Attach to Form 1040, 1040NR, or 1041. ▶ See instructions on back.

OMB No. 1545-0047

2007

Attachment
Sequence No. **09A**

Name of proprietor
CLAIRE S RICHARDS

Social security number (SSN)
521 XX XXXX

Part I General Information

**You May Use
Schedule C-EZ
Instead of
Schedule C
Only if You:**

- Had business expenses of \$5,000 or less.
- Use the cash method of accounting.
- Did not have an inventory at any time during the year.
- Did not have a net loss from your business.
- Had only one business as either a sole proprietor or statutory employee.

And You:

- Had no employees during the year.
- Are not required to file **Form 4562**, Depreciation and Amortization, for the business. See the instructions for Schedule C, line 13, on page C-8 to find out if you must file.
- Do not deduct expenses for business use of your home.
- Do not have prior year unallowed passive activity losses from this business.

A Principal business or profession, including product or service
PHYSICAL THERAPIST

B Enter code from pages C-8, 9, & 10
521340

C Business name, if no separate business name, leave blank.

D Employer ID number (EIN), if any

E Business address (including suite or room no.). Address not required if same as on page 1 of your tax return.

City, town or post office, state, and ZIP code

Part II Figure Your Net Profit

1 Gross receipts. Caution. If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see Statutory Employees in the instructions for Schedule C, line 1, on page C-3 and check here	<input type="checkbox"/>	1	5400
2 Total expenses (see instructions). If more than \$5,000, you must use Schedule C		2	2317
3 Net profit. Subtract line 2 from line 1. If less than zero, you must use Schedule C. Enter on both Form 1040, line 12 , and Schedule SE, line 2 , or on Form 1040NR, line 13 . (Statutory employees do not report this amount on Schedule SE, line 2. Estates and trusts, enter on Form 1041, line 3.)		3	3083

Part III Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 2.

- 4** When did you place your vehicle in service for business purposes? (month, day, year) ▶ **04 / 03 / 2007**
- 5** Of the total number of miles you drove your vehicle during 2007, enter the number of miles you used your vehicle for:
- a Business **1550** b Commuting (see instructions) c Other **12100**
- 6** Do you (or your spouse) have another vehicle available for personal use? Yes No
- 7** Was your vehicle available for personal use during off-duty hours? Yes No
- 8a** Do you have evidence to support your deduction? Yes No
- b** If "Yes," is the evidence written? Yes No

Foreign Tax Credit
(Individual, Estate, or Trust)

Department of the Treasury
Internal Revenue Service (IRS)

▶ Attach to Form 1040, 1040NR, 1041, or 990-T.
▶ See separate instructions.

Attachment
Sequence No. **19**

Name **DOUGLAS A AND CLAIRE S RICHARDS** Identifying number as shown on page 1 of your tax return **520-XX-XXX**

Use a separate Form 1116 for each category of income listed below. See **Categories of Income** on page 3 of the instructions. Check only one box on each Form 1116. Report all amounts in U.S. dollars except where specified in Part II below.

- a** Passive category income **c** Section 501(c) income Lump-sum distributions
 b General category income **d** Certain income re-sourced by treaty

f Resident of (name of country) ▶

Note: If you paid taxes to only one foreign country or U.S. possession, use column A in Part I and line A in Part II. If you paid taxes to more than one foreign country or U.S. possession, use a separate column and line for each country or possession.

Part I Taxable Income or Loss From Sources Outside the United States (for Category Checked Above)

	Foreign Country or U.S. Possession			Total (Add cols. A, B, and C.)
	A	B	C	
g Enter the name of the foreign country or U.S. possession SINGAPORE ▶				
1a Gross income from sources within country shown above and of the type checked above (see page 13 of the instructions):				
	3,275			1a 3,275
b Check if line 1a is compensation for personal services as an employee, your total compensation from all sources is \$250,000 or more, and you used an alternative basis to determine its source (see instructions) <input type="checkbox"/>				
Deductions and losses (Caution: See pages 13 and 14 of the instructions):				
2 Expenses definitely related to the income on line 1a (attach statement):	0			
3 Pro rata share of other deductions not definitely related:				
a Certain itemized deductions or standard deduction (see instructions):	10,700			
b Other deductions (attach statement):	10,700			
c Add lines 3a and 3b:	3,275			
d Gross foreign source income (see instructions):	93,547			
e Gross income from all sources (see instructions):	0.0350			
f Divide line 3d by line 3e (see instructions):	375			
g Multiply line 3c by line 3f:				
4 Pro rata share of interest expense (see instructions):				
a Home mortgage interest (use worksheet on page 13 of the instructions):				
b Other interest expense:				
5 Losses from foreign sources:				
6 Add lines 2, 3g, 4a, 4b, and 5:	375			6 375
7 Subtract line 6 from line 1a. Enter the result here and on line 14, page 2 ▶				7 2,900

Part II Foreign Taxes Paid or Accrued (see page 14 of the instructions)

Country	Credit is claimed for taxes (you must check one) <input checked="" type="checkbox"/> Paid <input type="checkbox"/> Accrued	Foreign taxes paid or accrued						Total foreign taxes paid or accrued (add cols. 5a through 5f)
		In foreign currency			In U.S. dollars			
		(a) Date paid or accrued	(b) Dividends	(c) Rents and royalties	(d) Interest	(e) Other foreign taxes paid or accrued	(f) Interest	
A		12/31/2007					819	819
B								
C								
8								8 819

For Paperwork Reduction Act Notice, see page 16 of the instructions.

Part III Figuring the Credit

9	Enter the amount from line 8. These are your total foreign taxes paid or accrued for the category of income checked above Part I	9	819	
10	Carryback or carryover (attach detailed computation)	10		
11	Add lines 9 and 10.	11	819	
12	Reduction in foreign taxes (see page 15 of the instructions)	12		
13	Subtract line 12 from line 11. This is the total amount of foreign taxes available for credit	13		819
14	Enter the amount from line 7. This is your taxable income or (loss) from sources outside the United States (before adjustments) for the category of income checked above Part I (see page 16 of the instructions)	14	2,900	
15	Adjustments to line 14 (see pages 15 and 16 of the instructions)	15	0	
16	Combine the amounts on lines 14 and 15. This is your net foreign source taxable income. (If the result is zero or less, you have no foreign tax credit for the category of income you checked above Part I. Skip lines 17 through 21. However, if you are filing more than one Form 1116, you must complete line 19.)	16	2,900	
17	Individuals: Enter the amount from Form 1040, line 41, if you are a nonresident alien, enter the amount from Form 1040NR, line 38. Estates and trusts: Enter your taxable income without the deduction for your exemption. Caution: If you figured your tax using the lower rates on qualified dividends or capital gains, see page 16 of the instructions.	17	74,815	
18	Divide line 16 by line 17. If line 16 is more than line 17, enter "1"	18		0.0387
19	Individuals: Enter the amount from Form 1040, line 44, minus any amounts from lines 47-50, and any mortgage interest credit (from Form 8396, line 13) and District of Columbia first time homebuyer credit (from Form 8859, line 13). If you are a nonresident alien, enter the amount from Form 1040NR, line 41, minus any amounts from lines 44-45, and any mortgage interest credit (from Form 8396, line 13) and District of Columbia first time homebuyer credit (from Form 8859, line 13). Estates and trusts: Enter the amount from Form 1041, Schedule G, line 1a, or the total of Form 990-T, lines 36 and 37 Caution: If you are completing line 19 for separate categories (lump-sum distributions), see page 18 of the instructions.	19		10,171
20	Multiply line 19 by line 18 (maximum amount of credit)	20		394
21	Enter the smaller of line 13 or line 20. If this is the only Form 1116 you are filing, skip lines 22 through 26 and enter this amount on line 27. Otherwise, complete the appropriate line in Part IV (see page 18 of the instructions)	21		394

Part IV Summary of Credits From Separate Parts III (see page 18 of the instructions)

22	Credit for taxes on passive category income	22	394	
23	Credit for taxes on general category income	23		
24	Credit for taxes on certain income re-sourced by treaty	24		
25	Credit for taxes on lump-sum distributions	25		
26	Add lines 22 through 25	26		394
27	Enter the smaller of line 19 or line 26	27		394
28	Reduction of credit for international boycott operations. See instructions for line 12 on page 15	28		
29	Subtract line 28 from line 27. This is your foreign tax credit . Enter here and on Form 1040, line 51; Form 1040NR, line 46; Form 1041, Schedule G, line 2a; or Form 990-T, line 40a	29		394



For Use by U.S. Citizens and Resident Aliens Only

Name shown on Form 1040

CLAIRE S RICHARDS

Your social security number

521 XX XXXX

Part I General Information

- 1** Your foreign address (including country)
27 BERRY LANE, SINGAPORE
- 2** Your occupation
PHYSICAL THERAPIST
- 3** Employer's name ▶
- 4a** Employer's U.S. address ▶
- b** Employer's foreign address ▶
- 5** Employer is (check any that apply):
 A foreign entity
 A foreign affiliate of a U.S. company
 A U.S. company
 Other (specify) ▶
- 6a** If, after 1981, you filed Form 2555 or Form 2555-EZ, enter the last year you filed the form. ▶
- b** If you did not file Form 2555 or 2555-EZ after 1981 to claim either of the exclusions, check here ▶ and go to line 7.
- c** Have you ever revoked either of the exclusions? Yes No
- d** If you answered "Yes," enter the type of exclusion and the tax year for which the revocation was effective. ▶
- 7** Of what country are you a citizen/national? ▶ SINGAPORE
- 8a** Did you maintain a separate foreign residence for your family because of adverse living conditions at your tax home? See **Second foreign household** on page 3 of the instructions. Yes No
- b** If "Yes," enter city and country of the separate foreign residence. Also, enter the number of days during your tax year that you maintained a second household at that address. ▶
- 9** List your tax home(s) during your tax year and date(s) established. ▶ SINGAPORE, JANUARY 24, 2007

Next, complete either Part II or Part III. If an item does not apply, enter "NA." If you do not give the information asked for, any exclusion or deduction you claim may be disallowed.

Part II Taxpayers Qualifying Under Bona Fide Residence Test (see page 2 of the instructions)

- 10** Date bona fide residence began ▶ , and ended ▶
- 11** Kind of living quarters in foreign country ▶
 Purchased house Rented house or apartment Rented room
 Quarters furnished by employer
- 12a** Did any of your family live with you abroad during any part of the tax year? Yes No
- b** If "Yes," who and for what period? ▶
- 13a** Have you submitted a statement to the authorities of the foreign country where you claim bona fide residence that you are not a resident of that country? See instructions Yes No
- b** Are you required to pay income tax to the country where you claim bona fide residence? See instructions Yes No
- If you answered "Yes" to 13a and "No" to 13b, you do not qualify as a bona fide resident. Do not complete the rest of this part.
- 14** If you were present in the United States or its possessions during the tax year, complete columns (a)-(d) below. Do not include the income from column (d) in Part IV, but report it on Form 1040.

(a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)	(a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)

- 15a** List any contractual terms or other conditions relating to the length of your employment abroad. ▶
- b** Enter the type of visa under which you entered the foreign country. ▶
- c** Did your visa limit the length of your stay or employment in a foreign country? If "Yes," attach explanation Yes No
- d** Did you maintain a home in the United States while living abroad? Yes No
- e** If "Yes," enter address of your home, whether it was rented, the names of the occupants, and their relationship to you. ▶

Part III Taxpayers Qualifying Under Physical Presence Test (see page 2 of the instructions)

- 16 The physical presence test is based on the 12-month period from **▶ 01/24/2007** through **▶ 01/23/2008**
- 17 Enter your principal country of employment during your tax year. **▶ SINGAPORE**
- 18 If you traveled abroad during the 12-month period entered on line 16, complete columns (a)–(f) below. Exclude travel between foreign countries that did not involve travel on or over international waters, or in or over the United States, for 24 hours or more. If you have no travel to report during the period, enter "Physically present in a foreign country or countries for the entire 12-month period." **Do not** include the income from column (f) below in Part (V) but report it on Form 1040.

(a) Name of country (including U.S.)	(b) Date arrived	(c) Date left	(d) Full days present in country	(e) Number of days in U.S. on business	(f) Income earned in U.S. (if business (attach computer))
UNITED STATES	12/22/2007	01/04/2008	14	0	0

Part IV All Taxpayers

Note: Enter on lines 19 through 23 all income, including noncash income, you earned and actually or constructively received during your 2007 tax year for services you performed in a foreign country. If any of the foreign earned income received this tax year was earned in a prior tax year, or will be earned in a later tax year (such as a bonus), see the instructions. **Do not** include income from line 14, column (d), or line 18, column (f). Report amounts in U.S. dollars, using the exchange rates in effect when you actually or constructively received the income.

If you are a cash basis taxpayer, report on Form 1040 all income you received in 2007, no matter when you performed the service.

2007 Foreign Earned Income		Amount (in U.S. dollars)
19	Total wages, salaries, bonuses, commissions, etc.	0
20	Allowable share of income for personal services performed (see instructions):	
20a	a In a business (including farming) or profession	3083
20b	b In a partnership. List partnership's name and address and type of income. ▶	
21	Noncash income (market value of property or facilities furnished by employer—attach statement showing how it was determined):	
21a	a Home (lodging).	
21b	b Meals	
21c	c Car	
21d	d Other property or facilities. List type and amount. ▶	
22	Allowances, reimbursements, or expenses paid on your behalf for services you performed:	
22a	a Cost of living and overseas differential	
22b	b Family	
22c	c Education	
22d	d Home leave	
22e	e Quarters	
22f	f For any other purpose. List type and amount. ▶	
22g	g Add lines 22a through 22f	
23	Other foreign earned income. List type and amount. ▶	
24	Add lines 19 through 21d, line 22g, and line 23	3083
25	Total amount of meals and lodging included on line 24 that is excludable (see instructions)	
26	Subtract line 25 from line 24. Enter the result here and on line 27 on page 3. This is your 2007 foreign earned income. ▶	3083

Part V All Taxpayers

27	Enter the amount from line 26	27	3083
Are you claiming the housing exclusion or housing deduction?			
<input type="checkbox"/> Yes. Complete Part VI.			
<input checked="" type="checkbox"/> No. Go to Part VII.			

Part VI Taxpayers Claiming the Housing Exclusion and/or Deduction

28	Qualified housing expenses for the tax year (see instructions)	28	
29a	Enter location where housing expenses incurred (see instructions) ▶		
29b	Enter limit on housing expenses (see instructions)	29b	
30	Enter the smaller of line 28 or line 29b	30	
31	Number of days in your qualifying period that fall within your 2007 tax year (see instructions)	31	days
32	Multiply \$37.57 by the number of days on line 31. If 365 is entered on line 31, enter \$13,712.00 here	32	
33	Subtract line 32 from line 30. If the result is zero or less, do not complete the rest of this part or any of Part IX	33	
34	Enter employer-provided amounts (see instructions)	34	
35	Divide line 34 by line 27. Enter the result as a decimal (rounded to at least three places), but do not enter more than "1.000"	35	x .
36	Housing exclusion. Multiply line 33 by line 35. Enter the result but do not enter more than the amount on line 34. Also, complete Part VIII	36	

Note: The housing deduction is figured in Part IX. If you choose to claim the foreign earned income exclusion, complete Parts VII and VIII before Part IX.

Part VII Taxpayers Claiming the Foreign Earned Income Exclusion

37	Maximum foreign earned income exclusion	37	\$65,700	00
38	• If you completed Part VI, enter the number from line 31. • All others, enter the number of days in your qualifying period that fall within your 2007 tax year (see the instructions for line 31).	38	331	days
39	• If line 38 and the number of days in your 2007 tax year (usually 365) are the same, enter "1.000." • Otherwise, divide line 38 by the number of days in your 2007 tax year and enter the result as a decimal (rounded to at least three places).	39	x .	9068
40	Multiply line 37 by line 39	40	77713	
41	Subtract line 36 from line 27	41	3083	
42	Foreign earned income exclusion. Enter the smaller of line 40 or line 41. Also, complete Part VIII ▶	42	3083	

Part VIII Taxpayers Claiming the Housing Exclusion, Foreign Earned Income Exclusion, or Both

43	Add lines 36 and 42	43	3083
44	Deductions allowed in figuring your adjusted gross income (Form 1040, line 37) that are allocable to the excluded income. See instructions and attach computation	44	218
45	Subtract line 44 from line 43. Enter the result here and in parentheses on Form 1040, line 21. Next to the amount enter "Form 2555." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22	45	2867

Part IX Taxpayers Claiming the Housing Deduction—Complete this part only if (a) line 33 is more than line 36 and (b) line 27 is more than line 43.

46	Subtract line 36 from line 33	46	
47	Subtract line 43 from line 27	47	
48	Enter the smaller of line 46 or line 47	48	
Note: If line 47 is more than line 48 and you could not deduct all of your 2006 housing deduction because of the 2006 limit, use the worksheet on page 4 of the instructions to figure the amount to enter on line 49. Otherwise, go to line 50.			
49	Housing deduction carryover from 2006 (from worksheet on page 4 of the instructions)	49	
50	Housing deduction. Add lines 48 and 49. Enter the total here and on Form 1040 to the left of line 36. Next to the amount on Form 1040, enter "Form 2555." Add it to the total adjustments reported on that line	50	

Form **2555-EZ**

Foreign Earned Income Exclusion

OMB No. 1545-0024

2007

Department of the Treasury
Internal Revenue Service (200)

▶ See separate instructions. ▶ Attach to Form 1040.

Attachment
Sequence No. **34A**

Name shown on Form 1040
DOUGLAS A RICHARDS

Your social security number
520 XX XXXX

You May Use This Form If You:

- Are a U.S. citizen or a resident alien.
- Earned wages/salaries in a foreign country.
- Had total foreign earned income of \$85,700 or less.
- Are filing a calendar year return that covers a 12-month period.

And You:

- Do not have self-employment income.
- Do not have business/moving expenses.
- Do not claim the foreign housing exclusion or deduction.

Part I Tests To See If You Can Take the Foreign Earned Income Exclusion

1 Bona Fide Residence Test

- a Were you a bona fide resident of a foreign country or countries for a period that includes an entire tax year (see page 2 of the instructions)? Yes No
- If you answered "Yes," you meet this test. Fill in line 1b and then go to line 3.
 - If you answered "No," you **do not** meet this test. Go to line 2 to see if you meet the Physical Presence Test.
- b Enter the date your bona fide residence began ▶ _____, and ended (see instructions) ▶ _____

2 Physical Presence Test

- a Were you physically present in a foreign country or countries for at least 330 full days during—
 { 2007 or any other period of 12 months in a row starting or ending in 2007? } Yes No
- If you answered "Yes," you meet this test. Fill in line 2b and then go to line 3.
 - If you answered "No," you **do not** meet this test. You **cannot** take the exclusion unless you meet the Bona Fide Residence Test above.
- b The physical presence test is based on the 12-month period from ▶ 01/24/2007 through ▶ 01/23/2008

3 Tax Home Test. Was your tax home in a foreign country or countries throughout your period of bona fide residence or physical presence, whichever applies?

- Yes No
- If you answered "Yes," you can take the exclusion. Complete Part II below and then go to page 2.
 - If you answered "No," you **cannot** take the exclusion. **Do not** file this form.

Part II General Information

4 Your foreign address (including country)

27 BERRY LANE, SINGAPORE

5 Your occupation

ARCHITECT

6 Employer's name

LIAM AND SONS

7 Employer's U.S. address (including ZIP code)

8 Employer's foreign address

52 POETS LANE, SINGAPORE

9 Employer is (check any that apply):

- a A U.S. business
- b A foreign business
- c Other (specify) ▶ _____

10a If you filed Form 2555 or 2555-EZ after 1981, enter the last year you filed the form. ▶ _____

b If you did not file Form 2555 or 2555-EZ after 1981, check here and go to line 11a now.

c Have you ever revoked the foreign earned income exclusion? Yes No

d If you answered "Yes," enter the tax year for which the revocation was effective. ▶ _____

11a List your tax home(s) during 2007 and date(s) established. ▶ SINGAPORE JANUARY 24, 2007

b Of what country are you a citizen/national? ▶ UNITED STATES OF AMERICA

For Paperwork Reduction Act Notice, see page 3 of separate instructions.

Cat. No. 13272W

Form **2555-EZ** (2007)

Part III Days Present in the United States—Complete this part if you were in the United States or its possessions during 2007.

12 (a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)
12/22/2007	01/04/2008	0	0

Draft as of 04/19/2007

Part IV Figure Your Foreign Earned Income Exclusion

13	Maximum foreign earned income exclusion	13	\$85,700 00
14	Enter the number of days in your qualifying period that fall within 2007	14	331 days
15	Did you enter 365 on line 14? <input type="checkbox"/> Yes. Enter "1,000." <input checked="" type="checkbox"/> No. Divide line 14 by 365 and enter the result as a decimal (rounded to at least three places).	15	x .968
16	Multiply line 13 by line 15	16	77713
17	Enter, in U.S. dollars, the total foreign earned income you earned and received in 2007 (see instructions). Be sure to include this amount on Form 1040, line 7	17	4949
18	Foreign earned income exclusion. Enter the smaller of line 16 or line 17 here and in parentheses on Form 1040, line 21. Next to the amount enter "2555-EZ." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22	18	4949

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

Your social security number
520 | XX | XXXX

DOUGLAS A AND CLAIRE S RICHARDS

Attachment
Sequence No. **08**

Schedule B—Interest and Ordinary Dividends

**Part I
Interest**

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶

UNIVERSITY BANK
TEACHER'S FCU
TEACHER'S FCE

Amount

1084
256
593

1

2 Add the amounts on line 1

1933

3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815

4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶

1933

Note. If line 4 is over \$1,500, you must complete Part III.

Amount

**Part II
Ordinary Dividends**

(See page B-1 and the instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

5 List name of payer ▶

5

6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a ▶

Note. If line 6 is over \$1,500, you must complete Part III.

**Part III
Foreign Accounts and Trusts**

(See page B-2.)

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends, or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

Yes No

7a At any time during 2007, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1.

b If "Yes," enter the name of the foreign country ▶ SINGAPORE

8 During 2007, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule B (Form 1040) 2007



SCHEDULE E
(Form 1040)

Supplemental Income and Loss
(From rental real estate, royalties, partnerships,
S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0044

2007

Attachment
Sequence No. **13**

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040, 1040NR, or Form 1041. ▶ See instructions for Schedule E (Form 1040).

Name(s) shown on return

DOUGLAS A AND CLAIRE S RICHARDS

Your social security number

520 XX XXXX

Part I **Income or Loss From Rental Real Estate and Royalties** *Note.* If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

1	List the type and location of each rental real estate property.	2	For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of: • 14 days or • 10% of the total days rented at tax rental value? (See page E-3.)	Yes	No
A	DUPLEX, 1150 CAMPUS DRIVE				<input checked="" type="checkbox"/>
B					
C					

	Properties			Totals (Add columns A, B, and C.)
	A	B	C	
Income:				
3 Rents received	3	7200		3 7200
4 Royalties received	4			4
Expenses:				
5 Advertising	5			
6 Auto and travel (see page E-4)	6			
7 Cleaning and maintenance	7			
8 Commissions	8			
9 Insurance	9	450		
10 Legal and other professional fees	10			
11 Management fees	11			
12 Mortgage interest paid to banks, etc. (see page E-4)	12	1800		12 1800
13 Other interest	13			
14 Repairs	14			
15 Supplies	15			
16 Taxes	16	750		
17 Utilities	17			
18 Other (list ▶ PAINTING)		380		
	18			
19 Add lines 5 through 18	19	3180		19 3180
20 Depreciation expense or depletion (see page E-4)	20	2200		20 2200
21 Total expenses. Add lines 19 and 20	21	5380		
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-5 to find out if you must file Form 6198	22	1820		
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-5 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2	23			
24 Income. Add positive amounts shown on line 22. Do not include any losses	24			24 1820
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here	25			
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26			26 1820

For Paperwork Reduction Act Notice, see page E-7 of the instructions.

Cat. No. 11344L

Schedule E (Form 1040) 2007

SCHEDULE SE
(Form 1040)

Department of the Treasury
Internal Revenue Service (IRS)

Self-Employment Tax

▶ Attach to Form 1040. ▶ See instructions for Schedule SE (Form 1040).

OMB No. 1545-0074

2007

Attachment
Sequence No. **17**

Name of person with self-employment income (as shown on Form 1040)

CLAIRE S RICHARDS

Social security number of person
with self-employment income ▶

521 | XX | XXXX

Who Must File Schedule SE

You must file Schedule SE if:

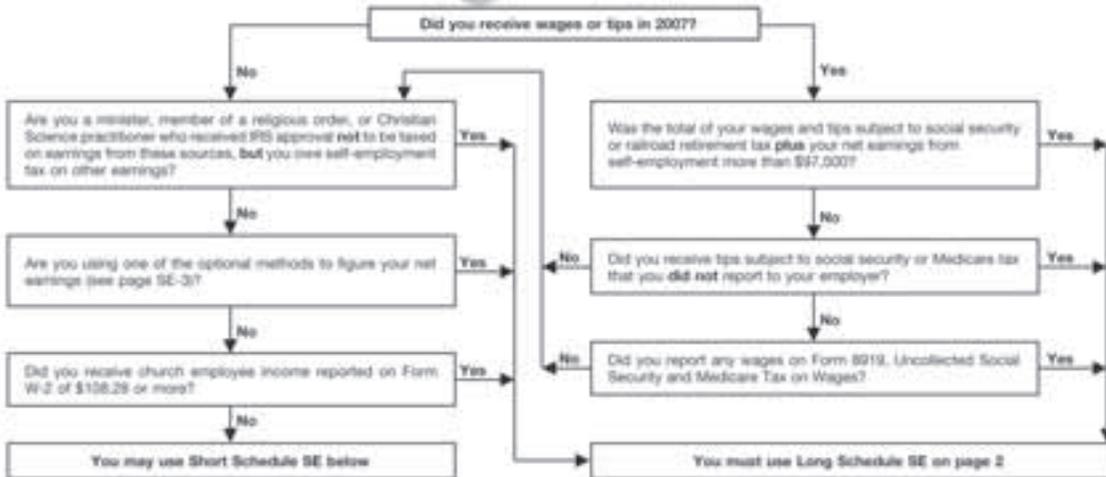
- You had net earnings from self-employment from **other than** church-employee income (line 4 of Short Schedule SE or line 4c of Long Schedule SE) of \$400 or more, **or**
- You had church employee income of \$108.28 or more, income from services you performed as a minister or a member of a religious order **is not** church employee income (see page SE-1).

Note. Even if you had a loss or a small amount of income from self-employment, it may be to your benefit to file Schedule SE and use either "optional method" in Part II of Long Schedule SE (see page SE-3).

Exception. If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361 and received IRS approval not to be taxed on those earnings, **do not** file Schedule SE. Instead, write "Exempt-Form 4361" on Form 1040, line 58.

May I Use Short Schedule SE or Must I Use Long Schedule SE?

Note. Use this flowchart **only** if you must file Schedule SE. If unsure, see Who Must File Schedule SE, above.



Section A—Short Schedule SE. Caution. Read above to see if you can use Short Schedule SE.

1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1	
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-3 for other income to report	2	3083
3	Combine lines 1 and 2	3	3083
4	Net earnings from self-employment. Multiply line 3 by 92.35% (.9235). If less than \$400, do not file this schedule; you do not owe self-employment tax ▶	4	2847
5	Self-employment tax. If the amount on line 4 is: • \$97,500 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 58. • More than \$97,500, multiply line 4 by 2.9% (.029). Then, add \$12,090 to the result. Enter the total here and on Form 1040, line 58.	5	436
6	Deduction for one-half of self-employment tax. Multiply line 5 by 50% (.5). Enter the result here and on Form 1040, line 27	6	218

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11358Z

Schedule SE (Form 1040) 2007

Simplified Method Worksheet—Lines 16a and 16b

Keep for Your Records 

Before you begin: If you are the beneficiary of a deceased employer or former employer who died before August 21, 1996, include any death benefit exclusion that you are entitled to (up to \$5,000) in the amount entered on line 2 below.
Note. If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 16b. Enter the total pension or annuity payments received in 2007 on Form 1040, line 16a.

1. Enter the total pension or annuity payments received in 2007. Also, enter this amount on Form 1040, line 16a	1.	75000
2. Enter your cost in the plan at the annuity starting date. Note. If you completed this worksheet last year, skip line 3 and enter the amount from line 4 of last year's worksheet on line 4 below (even if the amount of your pension or annuity has changed). Otherwise, go to line 3.	2.	245800
3. Enter the appropriate number from Table 1 below. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, enter the appropriate number from Table 2 below	3.	360
4. Divide line 2 by the number on line 3	4.	683
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was before 1987, skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6	5.	7513
6. Enter the amount, if any, recovered tax free in years after 1996. If you completed this worksheet last year, enter the amount from line 10 of last year's worksheet	6.	0
7. Subtract line 6 from line 2	7.	245800
8. Enter the smaller of line 5 or line 7	8.	7513
9. Taxable amount. Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040, line 16b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R	9.	67487
10. Was your annuity starting date before 1987? <input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. Leave line 10 blank. <input type="checkbox"/> No. Add lines 6 and 8. This is the amount you have recovered tax free through 2007. You will need this number when you fill out this worksheet next year	10.	7513

Table 1 for Line 3 Above

IF the age at annuity starting date (see page 27) was . . .	AND your annuity starting date was—	
	before November 18, 1996, enter on line 3 . . .	after November 18, 1996, enter on line 3 . . .
55 or under	300	300
56–60	200	300
61–65	240	260
66–70	170	210
71 or older	120	160

Table 2 for Line 3 Above

IF the combined ages at annuity starting date (see page 27) were . . .	THEN enter on line 3 . . .
110 or under	410
111–120	360
121–130	310
131–140	260
141 or older	210

International Scenario 2: Test Questions

Directions

You are reviewing a return prepared by a volunteer at site S52015555. Based on that return, answer the following questions.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 15.1** What is the correct amount of wages, salaries, tips, etc. on line 7 of Form 1040?
- a. \$11,000
 - b. \$15,949
 - c. \$18,200
 - d. \$21,475
- 15.2** The correct taxable interest on line 8a of Form 1040 is \$_____.
- 15.3** Is the business income or loss on line 12 of Form 1040 filled in correctly?
- a. Yes
 - b. No
 - c. Not applicable
- 15.4** The correct taxable amount of the Richards' pensions and annuities on line 16b of Form 1040 is \$_____.
- 15.5** What is the correct amount of other income on line 21 of Form 1040?
- a. (\$2,865)
 - b. (\$4,949)
 - c. (\$7,814)
 - d. \$0
- 15.6** The correct total rental real estate and royalty income or loss on line 26 of Schedule E is \$_____.
- 15.7** What is the correct entry on line 58 of Form 1040? \$_____.
- 15.8** Is the foreign tax credit on line 51 of Form 1040 filled in correctly?
- a. Yes
 - b. No
 - c. Not applicable
- 15.9** Did the volunteer correctly transfer the direct deposit information onto the Refund section on Form 1040?
- a. Yes
 - b. No
 - c. Not applicable.

Blank Forms

The following blank forms can be used to complete the problems for your chosen training course. If additional forms are needed the forms can be photocopied.

The Tax Tables and EIC Tables are available in Publication 678-W, the Comprehensive Problems and Exercises Workbook.

Form 1040, U.S. Individual Income Tax Return, pages 1 & 2	3
Schedule A&B, Itemized Deductions/Interest and Ordinary Dividends	7
Form 2441, Child and Dependent Care Expenses, pages 1 & 2	11
Schedule EIC, Earned Income Credit, page 1	15
Schedule EIC Worksheet A	17
Child Tax Credit Worksheet	18
Schedule C-EZ, Net Profit From Business, page 1	20
Schedule D, Capital Gains and Losses, pages 1 & 2	21
Schedule E, Supplemental Income and Loss	23
Schedule SE, Self-Employment Tax	24
Qualified Dividends and Capital Gain Tax Worksheet	25
Simplified Method Worksheet	26
Social Security Benefits Worksheet	27
Form 1116, Foreign Tax Credit, pages 1 & 2	28
Form 2555, Foreign Earned Income, pages 1, 2 & 3	30
Form 2555-EZ, Foreign Earned Income Exclusion, pages 1 & 2	33
Foreign Earned Income Tax Worksheet	35
Form 5695, Residential Energy Credits, pages 1 & 2	36
Form 8812, Additional Child Tax Credit, pages 1 & 2	38
Form 8863, Education Credits	40
Student Loan Interest Deduction Worksheet	41
Form 8880, Credit for Qualified Retirement Savings Contributions	42
Form 2106-EZ, Employee Business Expenses, page 1	43
Form 8888, Direct Deposit of Refund	44

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Label
(See instructions on page 16.)
Use the IRS label.
Otherwise, please print or type.

For the year Jan. 1-Dec. 31, 2007, or other tax year beginning . . . 2007, ending . . . 20		OMB No. 1545-0047
L	Your first name and initial	Last name
A	Your social security number	
B	If a joint return, spouse's first name and initial	Last name
E	Spouse's social security number	
L	Home address (number and street), if you have a P.O. box, see page 16.	
A	Apt. no.	
S	City, town or post office, state, and ZIP code, if you have a foreign address, see page 16.	
E	You must enter your SSN(s) above.	

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16) You Spouse

Filing Status
Check only one box.

1 Single
2 Married filing jointly (even if only one had income)
3 Married filing separately. Enter spouse's SSN above and full name here. ▶
4 Head of household (with qualifying person. (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 Qualifying widow(er) with dependent child (see page 17).

Exemptions

6a Yourself. If someone can claim you as a dependent, do not check box 6a.
b Spouse

c Dependents:		(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If qualifying child for credit (see page 13)
(1) First name	Last name			

If more than four dependents, see page 19.

d Total number of exemptions claimed

Boxes checked on 6a and 6b:
No. of children on 6c who:
• lived with you _____
• did not live with you due to divorce or separation (see page 20) _____
Dependents on 6c not entered above _____
Add numbers on lines above ▶

Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2 **7**

8a Taxable interest. Attach Schedule B if required **8a**

b Tax-exempt interest. Do not include in line 8a **8b**

9a Ordinary dividends. Attach Schedule B if required **9a**

b Qualified dividends (see pages 22) **9b**

10 Taxable refunds, credits, or offsets of state and local income taxes (see page 24) **10**

11 Alimony received **11**

12 Business income or loss. Attach Schedule C or C-EZ **12**

13 Capital gain or loss. Attach Schedule D if required. If not required, check here **13**

14 Other gains or losses. Attach Form 4797 **14**

If you did not get a W-2, see page 23.

15a IRA distributions **15a** **15b** Taxable amount (see page 25)

16a Pensions and annuities **16a** **16b** Taxable amount (see page 26)

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E **17**

18 Farm income or loss. Attach Schedule F **18**

19 Unemployment compensation **19**

20a Social security benefits **20a** **20b** Taxable amount (see page 27)

21 Other income. List type and amount (see page 28) **21**

22 Add the amounts in the far right column for lines 7 through 21. This is your total income ▶ **22**

Adjusted Gross Income

23 Educator expenses (see page 30) **23**

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ **24**

25 Health savings account deduction. Attach Form 8889 **25**

26 Moving expenses. Attach Form 3903 **26**

27 One-half of self-employment tax. Attach Schedule SE **27**

28 Self-employed SEP, SIMPLE, and qualified plans **28**

29 Self-employed health insurance deduction (see page 28) **29**

30 Penalty on early withdrawal of savings **30**

31a Alimony paid **31a** **31b** Recipient's SSN ▶

32 IRA deduction (see page 31) **32**

33 Student loan interest deduction (see page 33) **33**

34 Tuition and fees deduction. Attach Form 8817 **34**

35 Domestic production activities deduction. Attach Form 8803 **35**

36 Add lines 23 through 31a and 32 through 35 **36**

37 Subtract line 36 from line 22. This is your adjusted gross income ▶ **37**

Label
(See instructions on page 16.)
Use the IRS label. Otherwise, please print or type.

For the year Jan. 1-Dec. 31, 2007, or other tax year beginning . . . 2007, ending . . . 20		OMB No. 1545-0047
L	Your first name and initial	Last name
A	Your social security number	
B	If a joint return, spouse's first name and initial	Last name
B	Spouse's social security number	
H	Home address (number and street), if you have a P.O. box, see page 16.	
E	Apt. no.	
E	City, town or post office, state, and ZIP code, if you have a foreign address, see page 16.	
You must enter your SSN(s) above.		

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16) You Spouse

Filing Status
Check only one box.

1 Single
 2 Married filing jointly (even if only one had income)
 3 Married filing separately. Enter spouse's SSN above and full name here. 4 Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here.
 5 Qualifying widow(er) with dependent child (see page 17).

Exemptions

6a Yourself. If someone can claim you as a dependent, do not check box 6a.
 b 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 qualifying child for child tax credit (see page 17)

If more than four dependents, see page 19.

d Total number of exemptions claimed Add numbers on lines above

Boxes checked on 6a and 6b:
No. of children on 6c who:
• lived with you
• did not live with you due to divorce or separation (see page 20)
Dependents on 6c not entered above

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see page 23.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7
8a	Taxable interest. Attach Schedule B if required	8a
8b	Tax-exempt interest. Do not include in line 8a	8b
9a	Ordinary dividends. Attach Schedule B if required	9a
9b	Qualified dividends (see pages 22)	9b
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 24)	10
11	Alimony received	11
12	Business income or loss. Attach Schedule C or C-EZ	12
13	Capital gain or loss. Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13
14	Other gains or losses. Attach Form 4797	14
15a	IRA distributions <input type="text" value="15a"/>	15b Taxable amount (see page 25)
16a	Pensions and annuities <input type="text" value="16a"/>	16b Taxable amount (see page 26)
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17
18	Farm income or loss. Attach Schedule F	18
19	Unemployment compensation	19
20a	Social security benefits <input type="text" value="20a"/>	20b Taxable amount (see page 27)
21	Other income. List type and amount (see page 29)	21
22	Add the amounts in the far right column for lines 7 through 21. This is your total income	22

Adjusted Gross Income

23	Educator expenses (see page 30)	23
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24
25	Health savings account deduction. Attach Form 8889	25
26	Moving expenses. Attach Form 3903	26
27	One-half of self-employment tax. Attach Schedule SE	27
28	Self-employed SEP, SIMPLE, and qualified plans	28
29	Self-employed health insurance deduction (see page 28)	29
30	Penalty on early withdrawal of savings	30
31a	Alimony paid <input type="text" value="31a"/> b Recipient's SSN <input type="text" value="31a"/>	31a
32	IRA deduction (see page 31)	32
33	Student loan interest deduction (see page 33)	33
34	Tuition and fees deduction. Attach Form 8817	34
35	Domestic production activities deduction. Attach Form 8803	35
36	Add lines 23 through 31a and 32 through 35	36
37	Subtract line 36 from line 22. This is your adjusted gross income	37

Tax and Credits

Standard Deduction for—

- People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 34.
- All others:
 - Single or Married filing separately, \$5,300
 - Married filing jointly or Qualifying widow(er), \$10,700
 - Head of household, \$7,850

38	Amount from line 37 (adjusted gross income)		38
39a	Check <input type="checkbox"/> You were born before January 2, 1943, <input type="checkbox"/> Blind. Total boxes checked ▶ 39a		
	if: <input type="checkbox"/> Spouse was born before January 2, 1943, <input type="checkbox"/> Blind. ▶ 39b		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)		40
41	Subtract line 40 from line 38		41
42	If line 38 is \$117,500 or less, multiply \$3,400 by the total number of exemptions claimed on line 6c. If line 38 is over \$117,500, see the worksheet on page XX		42
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		43
44	Tax (see page 36). Check if any tax is from: a <input type="checkbox"/> Form(s) 994 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/> Form(s) 999		44
45	Alternative minimum tax (see page 35). Attach Form 6251		45
46	Add lines 44 and 45		46
47	Credit for child and dependent care expenses. Attach Form 2441	47	
48	Credit for the elderly or the disabled. Attach Schedule R	48	
49	Education credits. Attach Form 8863	49	
50	Residential energy credits. Attach Form 5695	50	
51	Foreign tax credit. Attach Form 1116 if required	51	
52	Child tax credit (see page 30). Attach Form 8901 if required	52	
53	Retirement savings contributions credit. Attach Form 8880	53	
54	Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8859 c <input type="checkbox"/> Form 9839	54	
55	Other credits: a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Form	55	
56	Add lines 47 through 55. These are your total credits		56
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-		57

Other Taxes

58	Self-employment tax. Attach Schedule SE		58
59	Unreported social security and Medicare tax from: a <input type="checkbox"/> Form 4137 b <input type="checkbox"/> Form 8919		59
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required		60
61	Advance earned income credit payments from Form(s) W-2, box 9		61
62	Household employment taxes. Attach Schedule H		62
63	Add lines 57 through 62. This is your total tax		63

Payments

If you have a qualifying child, attach Schedule EIC.

64	Federal income tax withheld from Forms W-2 and 1099	64	
65	2007 estimated tax payments and amount applied from 2006 return	65	
66a	Earned income credit (EIC)	66a	
	b Nontaxable combat pay election ▶ 66b		
67	Excess social security and tier 1 RRTA tax withheld (see page 60)	67	
68	Additional child tax credit. Attach Form 8812	68	
69	Amount paid with request for extension to file (see page 60)	69	
70	Payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 c <input type="checkbox"/> Form 886	70	
71	Refundable credit for prior year minimum tax from Form 8801, line 27	71	
72	Add lines 64, 65, 66a, and 67 through 71. These are your total payments		72

Refund

Direct deposit? See page 61 and 68 in 74b, 74c, and 74d, or Form 8888.

73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid	73	
74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here ▶ <input type="checkbox"/>	74a	
	▶ b Routing number <input type="text"/> ▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	▶ d Account number <input type="text"/>		
75	Amount of line 73 you want applied to your 2006 estimated tax ▶	75	

Amount You Owe

76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 62 ▶	76	
77	Estimated tax penalty (see page 62)	77	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 63)? Yes. Complete the following. No

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

Sign Here

Joint return? See page 17. Keep a copy for your records.

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

Your signature	Date	Your occupation	Daytime phone number
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed, address, and ZIP code ▶)	EIN	Phone no. () -	



Tax and Credits

Standard Deduction for—

- People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 34.
- All others:
 - Single or Married filing separately, \$5,300
 - Married filing jointly or Qualifying widow(er), \$10,700
 - Head of household, \$7,850

38	Amount from line 37 (adjusted gross income)		38
39a	Check <input type="checkbox"/> You were born before January 2, 1943, <input type="checkbox"/> Blind. Total boxes if: <input type="checkbox"/> Spouse was born before January 2, 1943, <input type="checkbox"/> Blind. checked ▶ 39a		
39b	If your spouse itemizes on a separate return or you itemize your status alone, see page 34 and check here ▶ 39b		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)		40
41	Subtract line 40 from line 38		41
42	If line 38 is \$117,300 or less, multiply \$3,400 by the total number of exemptions claimed on line 6c. If line 38 is over \$117,300, see the worksheet on page XX		42
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		43
44	Tax (see page 36). Check if any tax is from: a <input type="checkbox"/> Form(s) 9914 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/> Form(s) 9899		44
45	Alternative minimum tax (see page 35). Attach Form 6251		45
46	Add lines 44 and 45		46
47	Credit for child and dependent care expenses. Attach Form 2441	47	
48	Credit for the elderly or the disabled. Attach Schedule R	48	
49	Education credits. Attach Form 8863	49	
50	Residential energy credits. Attach Form 5695	50	
51	Foreign tax credit. Attach Form 1116 if required	51	
52	Child tax credit (see page 30). Attach Form 8901 if required	52	
53	Retirement savings contributions credit. Attach Form 8880	53	
54	Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8829 c <input type="checkbox"/> Form 8839	54	
55	Other credits: a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Form	55	
56	Add lines 47 through 55. These are your total credits		56
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-		57

Other Taxes

58	Self-employment tax. Attach Schedule SE		58
59	Unreported social security and Medicare tax from: a <input type="checkbox"/> Form 4137 b <input type="checkbox"/> Form 8919		59
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required		60
61	Advance earned income credit payments from Form(s) W-2, box 9		61
62	Household employment taxes. Attach Schedule H		62
63	Add lines 57 through 62. This is your total tax		63

Payments

If you have a qualifying child, attach Schedule EIC.

64	Federal income tax withheld from Forms W-2 and 1099	64	
65	2007 estimated tax payments and amount applied from 2006 return	65	
66a	Earned income credit (EIC)	66a	
66b	Non-taxable combat pay election ▶ 66b		
67	Excess social security and tier 1 RRTA tax withheld (see page 60)	67	
68	Additional child tax credit. Attach Form 8812	68	
69	Amount paid with request for extension to file (see page 60)	69	
70	Payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4138 c <input type="checkbox"/> Form 8865	70	
71	Refundable credit for prior year minimum tax from Form 8801, line 27	71	
72	Add lines 64, 65, 66a, and 67 through 71. These are your total payments		72

Refund

Direct deposit? See page 61 and 68 in 74b, 74c, and 74d, or Form 8888.

73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid		73
74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here ▶ <input type="checkbox"/>		74a
74b	Routing number		
74c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
74d	Account number		
75	Amount of line 73 you want applied to your 2006 estimated tax ▶	75	
76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 62 ▶		76

Amount You Owe

77	Estimated tax penalty (see page 62)		77
----	-------------------------------------	--	----

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 63)? Yes. Complete the following. No

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

Sign Here

Joint return? See page 17. Keep a copy for your records.

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

Your signature	Date	Your occupation	Daytime phone number
Spouse's signature, if a joint return, both must sign	Date	Spouse's occupation	

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed, address, and ZIP code ▶		EIN	Phone no. () -



SCHEDULES A&B
(Form 1040)

Schedule A—Itemized Deductions

OMB No. 1545-0074

2007

Department of the Treasury
Internal Revenue Service (99)

(Schedule B is on back)

▶ Attach to Form 1040. ▶ See instructions for Schedules A&B (Form 1040).

Attachment
Sequence No. 07

Name(s) shown on Form 1040

Your social security number

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see page A-1)	1		
2	Enter amount from Form 1040, line 38	2		
3	Multiply line 2 by 7.5% (.075)	3		
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		
Taxes You Paid	5 State and local (check only one box):			
(See page A-2.)	a <input type="checkbox"/> Income taxes, or	5		
	b <input type="checkbox"/> General sales taxes	6		
6	Real estate taxes (see page A-5)	6		
7	Personal property taxes	7		
8	Other taxes. List type and amount ▶	8		
9	Add lines 5 through 8	9		
Interest You Paid	10 Home mortgage interest and points reported to you on Form 1098	10		
(See page A-6.)	11 Home mortgage interest not reported to you on Form 1098 if paid to the person from whom you bought the home, see page A-6 and show that person's name, identifying no., and address ▶	11		
Note. Personal interest is not deductible.	12 Points not reported to you on Form 1098. See page A-6 for special rules	12		
	13 Qualified mortgage insurance premiums (See page A-7)	13		
	14 Investment interest. Attach Form 4952 if required. (See page A-7.)	14		
	15 Add lines 10 through 14	15		
Gifts to Charity	16 Gifts by cash or check. If you made any gift of \$250 or more, see page A-8	16		
If you made a gift and got a benefit for it, see page A-7.	17 Other than by cash or check. If any gift of \$250 or more, see page A-8. You must attach Form 8283 if over \$500	17		
	18 Carryover from prior year	18		
	19 Add lines 16 through 18	19		
Casualty and Theft Losses	20 Casualty or theft loss(es). Attach Form 4684. (See page A-9.)	20		
Job Expenses and Certain Miscellaneous Deductions	21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-9.) ▶	21		
(See page A-9.)	22 Tax preparation fees.	22		
	23 Other expenses—investment, safe deposit box, etc. List type and amount ▶	23		
	24 Add lines 21 through 23	24		
	25 Enter amount from Form 1040, line 38	25		
	26 Multiply line 25 by 2% (.02)	26		
	27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	27		
Other Miscellaneous Deductions	28 Other—from list on page A-9. List type and amount ▶	28		
Total Itemized Deductions	29 Is Form 1040, line 38, over \$156,400 (over \$78,200 if married filing separately)? <input type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40. <input type="checkbox"/> Yes. Your deduction may be limited. See page A-10 for the amount to enter.	29		
	30 If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/>			

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11330E

Schedule A (Form 1040) 2007

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

Your social security number

Schedule B—Interest and Ordinary Dividends

Attachment Sequence No. **08**

**Part I
Interest**

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶

2 Add the amounts on line 1
3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815
4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶

Note. If line 4 is over \$1,500, you must complete Part III.

Amount

1

2

3

4

Amount

**Part II
Ordinary Dividends**

(See page B-1 and the instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

5 List name of payer ▶

6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a ▶

Note. If line 6 is over \$1,500, you must complete Part III.

5

6

**Part III
Foreign Accounts and Trusts**

(See page B-2.)

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends, or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

7a At any time during 2007, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1.

b If "Yes," enter the name of the foreign country ▶

8 During 2007, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2

Yes No

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule B (Form 1040) 2007



SCHEDULES A&B
(Form 1040)

Schedule A—Itemized Deductions

OMB No. 1545-0074

2007

Department of the Treasury
Internal Revenue Service (99)

(Schedule B is on back)

▶ Attach to Form 1040. ▶ See instructions for Schedules A&B (Form 1040).

Attachment
Sequence No. 07

Name(s) shown on Form 1040

Your social security number

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see page A-1)	1		
2	Enter amount from Form 1040, line 38	2		
3	Multiply line 2 by 7.5% (.075)	3		
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		
Taxes You Paid	5 State and local (check only one box):			
(See page A-2.)	a <input type="checkbox"/> Income taxes, or	5		
	b <input type="checkbox"/> General sales taxes	6		
6	Real estate taxes (see page A-5)	6		
7	Personal property taxes	7		
8	Other taxes. List type and amount ▶	8		
9	Add lines 5 through 8	9		
Interest You Paid	10 Home mortgage interest and points reported to you on Form 1098	10		
(See page A-6.)	11 Home mortgage interest not reported to you on Form 1098 if paid to the person from whom you bought the home, see page A-6 and show that person's name, identifying no., and address ▶	11		
Note. Personal interest is not deductible.	12 Points not reported to you on Form 1098. See page A-6 for special rules	12		
	13 Qualified mortgage insurance premiums (See page A-7)	13		
	14 Investment interest. Attach Form 4952 if required. (See page A-7.)	14		
	15 Add lines 10 through 14	15		
Gifts to Charity	16 Gifts by cash or check. If you made any gift of \$250 or more, see page A-8	16		
If you made a gift and got a benefit for it, see page A-7.	17 Other than by cash or check. If any gift of \$250 or more, see page A-8. You must attach Form 8283 if over \$500	17		
	18 Carryover from prior year	18		
	19 Add lines 16 through 18	19		
Casualty and Theft Losses	20 Casualty or theft loss(es). Attach Form 4684. (See page A-9.)	20		
Job Expenses and Certain Miscellaneous Deductions	21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-9.) ▶	21		
(See page A-9.)	22 Tax preparation fees	22		
	23 Other expenses—investment, safe deposit box, etc. List type and amount ▶	23		
	24 Add lines 21 through 23	24		
	25 Enter amount from Form 1040, line 38	25		
	26 Multiply line 25 by 2% (.02)	26		
	27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	27		
Other Miscellaneous Deductions	28 Other—from list on page A-9. List type and amount ▶	28		
Total Itemized Deductions	29 Is Form 1040, line 38, over \$156,400 (over \$78,200 if married filing separately)?			
	<input type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40.			29
	<input type="checkbox"/> Yes. Your deduction may be limited. See page A-10 for the amount to enter.			
	30 If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/>			

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11330E

Schedule A (Form 1040) 2007

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

Your social security number

Schedule B—Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address

2 Add the amounts on line 1
3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815
4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a
Note. If line 4 is over \$1,500, you must complete Part III.

Amount

1

2

3

4

Amount

Part II Ordinary Dividends

(See page B-1 and the instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

5 List name of payer

6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a
Note. If line 6 is over \$1,500, you must complete Part III.

5

6

Part III Foreign Accounts and Trusts

(See page B-2.)

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends, or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

7a At any time during 2007, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1.
b If "Yes," enter the name of the foreign country

8 During 2007, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2

Yes No

Yes No

Yes No

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule B (Form 1040) 2007



Child and Dependent Care Expenses

Department of the Treasury
Internal Revenue Service (20)

▶ Attach to Form 1040 or Form 1040NR.
▶ See separate instructions.

Name(s) shown on return

Your social security number

Before you begin: You need to understand the following terms. See **Definitions** on page 1 of the instructions.

- **Dependent Care Benefits**
- **Qualifying Person(s)**
- **Qualified Expenses**

Part I **Persons or Organizations Who Provided the Care—You must complete this part.**
(If you have more than two care providers, see the instructions.)

1	(a) Care provider's name	(b) Address (Number, street, apt., box, city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)

Did you receive dependent care benefits?	No	→ Complete only Part II below.
Yes	→ Complete Part III on the back next.	

Caution. If the care was provided in your home, you may owe employment taxes. See the instructions for Form 1040, line 62, or Form 1040NR, line 57.

Part II **Credit for Child and Dependent Care Expenses**

2 Information about your **qualifying person(s)**. If you have more than two qualifying persons, see the instructions.

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 2007 for the person listed in column (a)
First	Last		

3 Add the amounts in column (c) of line 2. Do not enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 35	3																																																													
4 Enter your earned income . See instructions	4																																																													
5 If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); all others , enter the amount from line 4	5																																																													
6 Enter the smallest of line 3, 4, or 5	6																																																													
7 Enter the amount from Form 1040, line 38, or Form 1040NR, line 36	7																																																													
8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7																																																														
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: left; border-bottom: 1px solid black;">If line 7 is:</th> <th colspan="3" style="text-align: left; border-bottom: 1px solid black;">If line 7 is:</th> </tr> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Over</th> <th style="text-align: left; border-bottom: 1px solid black;">But not over</th> <th style="text-align: left; border-bottom: 1px solid black;">Decimal amount is</th> <th style="text-align: left; border-bottom: 1px solid black;">Over</th> <th style="text-align: left; border-bottom: 1px solid black;">But not over</th> <th style="text-align: left; border-bottom: 1px solid black;">Decimal amount is</th> </tr> </thead> <tbody> <tr> <td>\$0—15,000</td> <td></td> <td style="text-align: right;">.35</td> <td>\$29,000—31,000</td> <td></td> <td style="text-align: right;">.27</td> </tr> <tr> <td>15,000—17,000</td> <td></td> <td style="text-align: right;">.34</td> <td>31,000—33,000</td> <td></td> <td style="text-align: right;">.26</td> </tr> <tr> <td>17,000—19,000</td> <td></td> <td style="text-align: right;">.33</td> <td>33,000—35,000</td> <td></td> <td style="text-align: right;">.25</td> </tr> <tr> <td>19,000—21,000</td> <td></td> <td style="text-align: right;">.32</td> <td>35,000—37,000</td> <td></td> <td style="text-align: right;">.24</td> </tr> <tr> <td>21,000—23,000</td> <td></td> <td style="text-align: right;">.31</td> <td>37,000—39,000</td> <td></td> <td style="text-align: right;">.23</td> </tr> <tr> <td>23,000—25,000</td> <td></td> <td style="text-align: right;">.30</td> <td>39,000—41,000</td> <td></td> <td style="text-align: right;">.22</td> </tr> <tr> <td>25,000—27,000</td> <td></td> <td style="text-align: right;">.29</td> <td>41,000—43,000</td> <td></td> <td style="text-align: right;">.21</td> </tr> <tr> <td>27,000—29,000</td> <td></td> <td style="text-align: right;">.28</td> <td>43,000—No limit</td> <td></td> <td style="text-align: right;">.20</td> </tr> </tbody> </table>	If line 7 is:			If line 7 is:			Over	But not over	Decimal amount is	Over	But not over	Decimal amount is	\$0—15,000		.35	\$29,000—31,000		.27	15,000—17,000		.34	31,000—33,000		.26	17,000—19,000		.33	33,000—35,000		.25	19,000—21,000		.32	35,000—37,000		.24	21,000—23,000		.31	37,000—39,000		.23	23,000—25,000		.30	39,000—41,000		.22	25,000—27,000		.29	41,000—43,000		.21	27,000—29,000		.28	43,000—No limit		.20	8	X
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27,000—29,000		.28	43,000—No limit		.20																																																									
9 Multiply line 6 by the decimal amount on line 8. If you paid 2006 expenses in 2007, see the instructions	9																																																													
10 Enter the amount from Form 1040, line 44, or Form 1040NR, line 41	10																																																													
11 Enter the amount from Form 8251, line 31 (see instructions)	11																																																													
12 Subtract line 11 from line 10. If zero or less, stop . You cannot take the credit	12																																																													
13 Credit for child and dependent care expenses. Enter the smaller of line 9 or line 12 here and on Form 1040, line 47, or Form 1040NR, line 44	13																																																													

For Paperwork Reduction Act Notice, see page 4 of the instructions.

Part III Dependent Care Benefits

14	Enter the total amount of dependent care benefits you received in 2007. Amounts you received as an employee should be shown in box 10 of your Form(s) W-2. Do not include amounts reported as wages in box 1 of Form(s) W-2. If you were self-employed or a partner, include amounts you received under a dependent care assistance program from your sole proprietorship or partnership.	14	
15	Enter the amount, if any, you carried over from 2006 and used in 2007 during the grace period. See instructions.	15	
16	Enter the amount, if any, you forfeited or carried forward to 2006. See instructions.	16	
17	Combine lines 14 through 16. See instructions.	17	
18	Enter the total amount of qualified expenses incurred in 2007 for the care of the qualifying persons .	18	
19	Enter the smaller of line 17 or 18.	19	
20	Enter your earned income . See instructions.	20	
21	Enter the amount shown below that applies to you: <ul style="list-style-type: none"> • If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions for line 5). • If married filing separately, see the instructions for the amount to enter. • All others, enter the amount from line 20. 	21	
22	Enter the smallest of line 19, 20, or 21.	22	
23	Enter the amount from line 14 that you received from your sole proprietorship or partnership. If you did not receive any such amounts, enter -0-.	23	
24	Subtract line 23 from line 17.	24	
25	Enter \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 21).	25	
26	Deductible benefits. Enter the smallest of line 22, 23, or 25. Also, include this amount on the appropriate line(s) of your return. See instructions.	26	
27	Enter the smaller of line 22 or 25.	27	
28	Enter the amount from line 26.	28	
29	Excluded benefits. Subtract line 28 from line 27. If zero or less, enter -0-.	29	
30	Taxable benefits. Subtract line 29 from line 24. If zero or less, enter -0-. Also, include this amount on Form 1040, line 7, or Form 1040NR, line 8. On the dotted line next to Form 1040, line 7, or Form 1040NR, line 8, enter "DCB".	30	

To claim the child and dependent care credit, complete lines 31-35 below.

31	Enter \$3,000 (\$6,000 if two or more qualifying persons).	31	
32	Add lines 26 and 29.	32	
33	Subtract line 32 from line 31. If zero or less, stop . You cannot take the credit. Exception. If you paid 2006 expenses in 2007, see the instructions for line 9.	33	
34	Complete line 2 on the front of this form. Do not include in column (c) any benefits shown on line 32 above. Then, add the amounts in column (c) and enter the total here.	34	
35	Enter the smaller of line 33 or 34. Also, enter this amount on line 3 on the front of this form and complete lines 4-13.	35	



Child and Dependent Care Expenses

Department of the Treasury
Internal Revenue Service (20)

▶ Attach to Form 1040 or Form 1040NR.
▶ See separate instructions.

Your social security number

Before you begin: You need to understand the following terms. See **Definitions** on page 1 of the instructions.

- **Dependent Care Benefits**
- **Qualifying Person(s)**
- **Qualified Expenses**

Part I **Persons or Organizations Who Provided the Care—You must complete this part.**
(If you have more than two care providers, see the instructions.)

1	(a) Care provider's name	(b) Address <small>Number, street, apt., box, city, state, and ZIP code</small>	(c) Identifying number <small>(SSN or EIN)</small>	(d) Amount paid <small>(see instructions)</small>

Did you receive dependent care benefits?	No	→ Complete only Part II below.
Yes	→ Complete Part III on the back next.	

Caution. If the care was provided in your home, you may owe employment taxes. See the instructions for Form 1040, line 62, or Form 1040NR, line 57.

Part II **Credit for Child and Dependent Care Expenses**

2 Information about your **qualifying person(s)**. If you have more than two qualifying persons, see the instructions.

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 2007 for the person listed in column (a)
First	Last		

3 Add the amounts in column (c) of line 2. Do not enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 35.	3																																																													
4 Enter your earned income . See instructions.	4																																																													
5 If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); all others , enter the amount from line 4.	5																																																													
6 Enter the smallest of line 3, 4, or 5.	6																																																													
7 Enter the amount from Form 1040, line 38, or Form 1040NR, line 36.	7																																																													
8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7.	8	X																																																												
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: left; border-bottom: 1px solid black;">If line 7 is:</th> <th colspan="3" style="text-align: left; border-bottom: 1px solid black;">If line 7 is:</th> </tr> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Over</th> <th style="text-align: left; border-bottom: 1px solid black;">But not over</th> <th style="text-align: left; border-bottom: 1px solid black;">Decimal amount is</th> <th style="text-align: left; border-bottom: 1px solid black;">Over</th> <th style="text-align: left; border-bottom: 1px solid black;">But not over</th> <th style="text-align: left; border-bottom: 1px solid black;">Decimal amount is</th> </tr> </thead> <tbody> <tr> <td>\$0—15,000</td> <td></td> <td style="text-align: right;">.35</td> <td>\$29,000—31,000</td> <td></td> <td style="text-align: right;">.27</td> </tr> <tr> <td>15,000—17,000</td> <td></td> <td style="text-align: right;">.34</td> <td>31,000—33,000</td> <td></td> <td style="text-align: right;">.26</td> </tr> <tr> <td>17,000—19,000</td> <td></td> <td style="text-align: right;">.33</td> <td>33,000—35,000</td> <td></td> <td style="text-align: right;">.25</td> </tr> <tr> <td>19,000—21,000</td> <td></td> <td style="text-align: right;">.32</td> <td>35,000—37,000</td> <td></td> <td style="text-align: right;">.24</td> </tr> <tr> <td>21,000—23,000</td> <td></td> <td style="text-align: right;">.31</td> <td>37,000—39,000</td> <td></td> <td style="text-align: right;">.23</td> </tr> <tr> <td>23,000—25,000</td> <td></td> <td style="text-align: right;">.30</td> <td>39,000—41,000</td> <td></td> <td style="text-align: right;">.22</td> </tr> <tr> <td>25,000—27,000</td> <td></td> <td style="text-align: right;">.29</td> <td>41,000—43,000</td> <td></td> <td style="text-align: right;">.21</td> </tr> <tr> <td>27,000—29,000</td> <td></td> <td style="text-align: right;">.28</td> <td>43,000—No limit</td> <td></td> <td style="text-align: right;">.20</td> </tr> </tbody> </table>	If line 7 is:			If line 7 is:			Over	But not over	Decimal amount is	Over	But not over	Decimal amount is	\$0—15,000		.35	\$29,000—31,000		.27	15,000—17,000		.34	31,000—33,000		.26	17,000—19,000		.33	33,000—35,000		.25	19,000—21,000		.32	35,000—37,000		.24	21,000—23,000		.31	37,000—39,000		.23	23,000—25,000		.30	39,000—41,000		.22	25,000—27,000		.29	41,000—43,000		.21	27,000—29,000		.28	43,000—No limit		.20		
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27,000—29,000		.28	43,000—No limit		.20																																																									
9 Multiply line 6 by the decimal amount on line 8. If you paid 2006 expenses in 2007, see the instructions.	9																																																													
10 Enter the amount from Form 1040, line 44, or Form 1040NR, line 41.	10																																																													
11 Enter the amount from Form 8251, line 31 (see instructions).	11																																																													
12 Subtract line 11 from line 10. If zero or less, stop . You cannot take the credit.	12																																																													
13 Credit for child and dependent care expenses. Enter the smaller of line 9 or line 12 here and on Form 1040, line 47, or Form 1040NR, line 44.	13																																																													

Part III Dependent Care Benefits

14	Enter the total amount of dependent care benefits you received in 2007. Amounts you received as an employee should be shown in box 10 of your Form(s) W-2. Do not include amounts reported as wages in box 1 of Form(s) W-2. If you were self-employed or a partner, include amounts you received under a dependent care assistance program from your sole proprietorship or partnership.	14	
15	Enter the amount, if any, you carried over from 2006 and used in 2007 during the grace period. See instructions.	15	
16	Enter the amount, if any, you forfeited or carried forward to 2006. See instructions.	16	
17	Combine lines 14 through 16. See instructions.	17	
18	Enter the total amount of qualified expenses incurred in 2007 for the care of the qualifying person(s) .	18	
19	Enter the smaller of line 17 or 18.	19	
20	Enter your earned income . See instructions.	20	
21	Enter the amount shown below that applies to you: <ul style="list-style-type: none"> • If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions for line 5). • If married filing separately, see the instructions for the amount to enter. • All others, enter the amount from line 20. 	21	
22	Enter the smallest of line 19, 20, or 21.	22	
23	Enter the amount from line 14 that you received from your sole proprietorship or partnership. If you did not receive any such amounts, enter -0-.	23	
24	Subtract line 23 from line 17.	24	
25	Enter \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 21).	25	
26	Deductible benefits. Enter the smallest of line 22, 23, or 25. Also, include this amount on the appropriate line(s) of your return. See instructions.	26	
27	Enter the smaller of line 22 or 25.	27	
28	Enter the amount from line 26.	28	
29	Excluded benefits. Subtract line 28 from line 27. If zero or less, enter -0-.	29	
30	Taxable benefits. Subtract line 29 from line 24. If zero or less, enter -0-. Also, include this amount on Form 1040, line 7, or Form 1040NR, line 8. On the dotted line next to Form 1040, line 7, or Form 1040NR, line 8, enter "DCB".	30	

To claim the child and dependent care credit, complete lines 31-35 below.

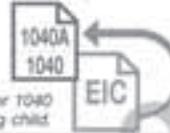
31	Enter \$3,000 (\$6,000 if two or more qualifying persons).	31	
32	Add lines 26 and 29.	32	
33	Subtract line 32 from line 31. If zero or less, stop . You cannot take the credit. Exception. If you paid 2006 expenses in 2007, see the instructions for line 9.	33	
34	Complete line 2 on the front of this form. Do not include in column (c) any benefits shown on line 32 above. Then, add the amounts in column (c) and enter the total here.	34	
35	Enter the smaller of line 33 or 34. Also, enter this amount on line 3 on the front of this form and complete lines 4-13.	35	

SCHEDULE EIC
(Form 1040A or 1040)

Department of the Treasury
Internal Revenue Service 598
Name(s) shown on return

Earned Income Credit
Qualifying Child Information

Complete and attach to Form 1040A or 1040
only if you have a qualifying child.



DMD No. 1545-007A

2007

Attachment
Sequence No. **43**

Your social security number

Before you begin: See the instructions for Form 1040A, lines 40a and 40b, or Form 1040, lines 66a and 66b, to make sure that (a) you can take the EIC, and (b) you have a qualifying child.



- If you take the EIC even though you are not eligible, you may not be allowed to take the credit for up to 10 years. See back of schedule for details.
- It will take us longer to process your return and issue your refund if you do not fill in all lines that apply for each qualifying child.
- Be sure the child's name on line 1 and social security number (SSN) on line 2 agree with the child's social security card. Otherwise, at the time we process your return, we may reduce or disallow your EIC. If the name or SSN on the child's social security card is not correct, call the Social Security Administration at 1-800-772-1213.

Qualifying Child Information

Child 1

Child 2

	First name	Last name	First name	Last name
1 Child's name <i>If you have more than two qualifying children, you only have to list two to get the maximum credit.</i>				
2 Child's SSN <i>The child must have an SSN as defined on page 43 of the Form 1040A instructions or page 49 of the Form 1040 instructions unless the child was born and died in 2007. If your child was born and died in 2007 and did not have an SSN, enter "Died" on this line and attach a copy of the child's birth certificate.</i>				
3 Child's year of birth	Year ____ - ____ - ____ <i>If born after 1988, skip lines 4a and 4b; go to line 5.</i>		Year ____ - ____ - ____ <i>If born after 1988, skip lines 4a and 4b; go to line 5.</i>	
4 If the child was born before 1989—				
a Was the child under age 24 at the end of 2007 and a student?	<input type="checkbox"/> Yes. <i>Go to line 5.</i>	<input type="checkbox"/> No. <i>Continue.</i>	<input type="checkbox"/> Yes. <i>Go to line 5.</i>	<input type="checkbox"/> No. <i>Continue.</i>
b Was the child permanently and totally disabled during any part of 2007?	<input type="checkbox"/> Yes. <i>Continue.</i>	<input type="checkbox"/> No. <i>The child is not a qualifying child.</i>	<input type="checkbox"/> Yes. <i>Continue.</i>	<input type="checkbox"/> No. <i>The child is not a qualifying child.</i>
5 Child's relationship to you <i>(for example, son, daughter, grandchild, niece, nephew, foster child, etc.)</i>				
6 Number of months child lived with you in the United States during 2007				
<ul style="list-style-type: none"> • If the child lived with you for more than half of 2007 but less than 7 months, enter "7." • If the child was born or died in 2007 and your home was the child's home for the entire time he or she was alive during 2007, enter "12." 	_____ months <i>Do not enter more than 12 months.</i>		_____ months <i>Do not enter more than 12 months.</i>	



You may also be able to take the additional child tax credit if your child (a) was under age 17 at the end of 2007, and (b) is a U.S. citizen or resident alien. For more details, see the instructions for line 41 of Form 1040A or line 68 of Form 1040.

For Paperwork Reduction Act Notice, see Form 1040A or 1040 instructions.

Cat. No. 133396A

Schedule EIC (Form 1040A or 1040) 2007

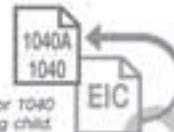
SCHEDULE EIC
(Form 1040A or 1040)

Department of the Treasury
Internal Revenue Service 598

Name(s) shown on return

Earned Income Credit
Qualifying Child Information

Complete and attach to Form 1040A or 1040
only if you have a qualifying child.



OMB No. 1545-0074

2007

Attachment
Sequence No. **43**

Your social security number

Before you begin: See the instructions for Form 1040A, lines 40a and 40b, or Form 1040, lines 66a and 66b, to make sure that (a) you can take the EIC, and (b) you have a qualifying child.



- If you take the EIC even though you are not eligible, you may not be allowed to take the credit for up to 10 years. See back of schedule for details.
- It will take us longer to process your return and issue your refund if you do not fill in all lines that apply for each qualifying child.
- Be sure the child's name on line 1 and social security number (SSN) on line 2 agree with the child's social security card. Otherwise, at the time we process your return, we may reduce or disallow your EIC. If the name or SSN on the child's social security card is not correct, call the Social Security Administration at 1-800-772-1213.

Qualifying Child Information

Child 1

Child 2

	First name	Last name	First name	Last name
1 Child's name If you have more than two qualifying children, you only have to list two to get the maximum credit.				
2 Child's SSN The child must have an SSN as defined on page 43 of the Form 1040A instructions or page 49 of the Form 1040 instructions unless the child was born and died in 2007. If your child was born and died in 2007 and did not have an SSN, enter "Died" on this line and attach a copy of the child's birth certificate.				
3 Child's year of birth	Year _____ <i>If born after 1988, skip lines 4a and 4b; go to line 5.</i>		Year _____ <i>If born after 1988, skip lines 4a and 4b; go to line 5.</i>	
4 If the child was born before 1989—				
a Was the child under age 24 at the end of 2007 and a student?	<input type="checkbox"/> Yes. <i>Go to line 5.</i>	<input type="checkbox"/> No. <i>Continue.</i>	<input type="checkbox"/> Yes. <i>Go to line 5.</i>	<input type="checkbox"/> No. <i>Continue.</i>
b Was the child permanently and totally disabled during any part of 2007?	<input type="checkbox"/> Yes. <i>Continue.</i>	<input type="checkbox"/> No. <i>The child is not a qualifying child.</i>	<input type="checkbox"/> Yes. <i>Continue.</i>	<input type="checkbox"/> No. <i>The child is not a qualifying child.</i>
5 Child's relationship to you (for example, son, daughter, grandchild, niece, nephew, foster child, etc.)				
6 Number of months child lived with you in the United States during 2007				
<ul style="list-style-type: none"> • If the child lived with you for more than half of 2007 but less than 7 months, enter "7." • If the child was born or died in 2007 and your home was the child's home for the entire time he or she was alive during 2007, enter "12." 	_____ months <i>Do not enter more than 12 months.</i>		_____ months <i>Do not enter more than 12 months.</i>	



You may also be able to take the additional child tax credit if your child (a) was under age 17 at the end of 2007, and (b) is a U.S. citizen or resident alien. For more details, see the instructions for line 41 of Form 1040A or line 68 of Form 1040.

For Paperwork Reduction Act Notice, see Form 1040A or 1040 instructions.

Cat. No. 133395A

Schedule EIC (Form 1040A or 1040) 2007

Before you begin: ✓ Be sure you are using the correct worksheet. Use this worksheet only if you answered "No" to Step 5, question 3, on page 48. Otherwise, use Worksheet B that begins on page 51.

Part 1

All Filers Using Worksheet A

1. Enter your earned income from Step 5 on page 48.

2. Look up the amount on line 1 above in the EIC Table on pages 53–59 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.

If line 2 is zero,  You cannot take the credit. Enter "No" on the dotted line next to line 66a.

3. Enter the amount from Form 1040, line 38.

4. Are the amounts on lines 3 and 1 the same?
 Yes. Skip line 5; enter the amount from line 2 on line 6.
 No. Go to line 5.

Part 2

Filers Who Answered "No" on Line 4

5. If you have:
 • No qualifying children, is the amount on line 3 less than \$7,000 (\$9,000 if married filing jointly)?
 • 1 or more qualifying children, is the amount on line 3 less than \$15,400 (\$17,400 if married filing jointly)?
 Yes. Leave line 5 blank; enter the amount from line 2 on line 6.
 No. Look up the amount on line 3 in the EIC Table on pages 53–59 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.
 Look at the amounts on lines 5 and 2. Then, enter the **smaller** amount on line 6.

Part 3

Your Earned Income Credit

6. This is your earned income credit.
 Enter this amount on Form 1040, line 66a.

Reminder—

✓ If you have a qualifying child, complete and attach Schedule EIC.



If your EIC for a year after 1996 was reduced or disallowed, see page 49 to find out if you must file Form 8862 to take the credit for 2007.

Child Tax Credit Worksheet—Line 52

Keep for Your Records 



- To be a qualifying child for the child tax credit, the child must be **under age 17** at the end of 2007 and meet the other requirements listed on page 19.
- **Do not** use this worksheet if you answered "Yes" to question 1, 2, or 3 on page 42. Instead, use Pub. 972.
- If you are claiming the mortgage interest credit or District of Columbia first-time homebuyer credit, complete the applicable credit form (Form 8396 or Form 8859, respectively) before you start this worksheet.

1. Number of qualifying children: _____ × \$1,000. 1
Enter the result.

2. Enter the amount from Form 1040, line 46. 2

3. Add the amounts from Form 1040:

Line 47 _____

Line 48 + _____

Line 49 + _____

Line 50 + _____

Line 51 + _____

Line 54* + _____ Enter the total. 3

*Include only the amounts, if any, from Form 8396, line 13, and Form 8859, line 13.

4. Are the amounts on lines 2 and 3 the same?

Yes. 

You cannot take this credit because there is no tax to reduce. However, you may be able to take the **additional child tax credit**. See the **TIP** below.

No. Subtract line 3 from line 2. 4

5. Is the amount on line 1 more than the amount on line 4?

Yes. Enter the amount from line 4. Also, you may be able to take the **additional child tax credit**. See the **TIP** below.

This is your child tax credit.

No. Enter the amount from line 1.

5

Enter this amount on Form 1040, line 52.



You may be able to take the **additional child tax credit** on Form 1040, line 68, if you answered "Yes" on line 4 or line 5 above.

- First, complete your Form 1040 through line 67.
- Then, use Form 8812 to figure any additional child tax credit.



Child Tax Credit Worksheet—Line 52

Keep for Your Records 



- To be a qualifying child for the child tax credit, the child must be **under age 17** at the end of 2007 and meet the other requirements listed on page 19.
- **Do not** use this worksheet if you answered "Yes" to question 1, 2, or 3 on page 42. Instead, use Pub. 972.
- If you are claiming the mortgage interest credit or District of Columbia first-time homebuyer credit, complete the applicable credit form (Form 8396 or Form 8859, respectively) before you start this worksheet.

1. Number of qualifying children: _____ × \$1,000. 1
Enter the result. []

2. Enter the amount from Form 1040, line 46. 2
[]

3. Add the amounts from Form 1040:

Line 47 _____

Line 48 + _____

Line 49 + _____

Line 50 + _____

Line 51 + _____

Line 54* + _____ Enter the total. 3
[]

*Include only the amounts, if any, from Form 8396, line 13, and Form 8859, line 13.

4. Are the amounts on lines 2 and 3 the same?

Yes. 

You cannot take this credit because there is no tax to reduce. However, you may be able to take the **additional child tax credit**. See the **TIP** below.

No. Subtract line 3 from line 2. 4
[]

5. Is the amount on line 1 more than the amount on line 4?

Yes. Enter the amount from line 4. Also, you may be able to take the **additional child tax credit**. See the **TIP** below.

This is your child tax credit.

No. Enter the amount from line 1. 5
[]

Enter this amount on Form 1040, line 52.



You may be able to take the **additional child tax credit** on Form 1040, line 68, if you answered "Yes" on line 4 or line 5 above.

- First, complete your Form 1040 through line 67.
- Then, use Form 8812 to figure any additional child tax credit.



**SCHEDULE C-EZ
(Form 1040)**

Net Profit From Business
(Sole Proprietorship)

OMB No. 1545-0047

2007

Attachment
Sequence No. **09A**

Department of the Treasury
Internal Revenue Service

▶ Partnerships, joint ventures, etc., must file Form 1065 or 1065-B.
▶ Attach to Form 1040, 1040NR, or 1041. ▶ See instructions on back.

Name of proprietor

Social security number (SSN)

Part I General Information

**You May Use
Schedule C-EZ
Instead of
Schedule C
Only if You:**

- Had business expenses of \$5,000 or less.
- Use the cash method of accounting.
- Did not have an inventory at any time during the year.
- Did not have a net loss from your business.
- Had only one business as either a sole proprietor or statutory employee.

And You:

- Had no employees during the year.
- Are not required to file Form 4562, Depreciation and Amortization, for this business. See the instructions for Schedule C, line 13, on page C-4 to find out if you must file.
- Do not deduct expenses for business use of your home.
- Do not have prior year unallowed passive activity losses from this business.

A Principal business or profession, including product or service

B Enter code from pages C-8, 9, & 10

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN), if any

E Business address (including suite or room no.). Address not required if same as on page 1 of your tax return.

City, town or post office, state, and ZIP code

Part II Figure Your Net Profit

1 Gross receipts. Caution. If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see Statutory Employees in the instructions for Schedule C, line 1, on page C-3 and check here <input type="checkbox"/>	1	
2 Total expenses (see instructions). If more than \$5,000, you must use Schedule C.	2	
3 Net profit. Subtract line 2 from line 1. If less than zero, you must use Schedule C. Enter on both Form 1040, line 12, and Schedule SE, line 2, or on Form 1040NR, line 13. (Statutory employees do not report this amount on Schedule SE, line 2. Estates and trusts, enter on Form 1041, line 3.)	3	

Part III Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 2.

- 4** When did you place your vehicle in service for business purposes? (month, day, year) ▶ / /
- 5** Of the total number of miles you drove your vehicle during 2007, enter the number of miles you used your vehicle for:
- a** Business **b** Commuting (see instructions) **c** Other
- 6** Do you (or your spouse) have another vehicle available for personal use? Yes No
- 7** Was your vehicle available for personal use during off-duty hours? Yes No
- 8a** Do you have evidence to support your deduction? Yes No
- b** If "Yes," is the evidence written? Yes No

For Paperwork Reduction Act Notice, see page 2.

Cat. No. 14374D

Schedule C-EZ (Form 1040) 2007

**SCHEDULE D
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040 or Form 1040NR. ▶ See Instructions for Schedule D (Form 1040).

▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 1545-0074

2007

Attachment
Sequence No. **12**

Name(s) shown on return

Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2					2
3 Total short-term sales price amounts. Add lines 1 and 2 in column (d)					3
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824					4
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1					5
6 Short-term capital loss carryover. Enter the amount, if any, from line 10 of your Capital Loss Carryover Worksheet on page D-7 of the instructions					6 ()
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f)					7

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
8					
9 Enter your long-term totals, if any, from Schedule D-1, line 9					9
10 Total long-term sales price amounts. Add lines 8 and 9 in column (d)					10
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824					11
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1					12
13 Capital gain distributions. See page D-2 of the instructions					13
14 Long-term capital loss carryover. Enter the amount, if any, from line 15 of your Capital Loss Carryover Worksheet on page D-7 of the instructions					14 ()
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on the back					15

Part III Summary

<p>16 Combine lines 7 and 15 and enter the result.</p> <p>If line 16 is:</p> <ul style="list-style-type: none"> • A gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. • A loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. • Zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22. <p>17 Are lines 15 and 16 both gains?</p> <p><input type="checkbox"/> Yes. Go to line 18.</p> <p><input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.</p> <p>18 Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet on page D-6 of the instructions. ▶</p> <p>19 Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet on page D-9 of the instructions. ▶</p> <p>20 Are lines 18 and 19 both zero or blank?</p> <p><input type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the Qualified Dividends and Capital Gain Tax Worksheet on page 38 of the instructions for Form 1040 (or in the instructions for Form 1040NR). Do not complete lines 21 and 22 below.</p> <p><input type="checkbox"/> No. Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the Schedule D Tax Worksheet on page D-10 of the instructions. Do not complete lines 21 and 22 below.</p> <p>21 If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the smaller of:</p> <ul style="list-style-type: none"> • The loss on line 16 or • (\$3,000), or if married filing separately, (\$1,500) } <p>Note. When figuring which amount is smaller, treat both amounts as positive numbers.</p> <p>22 Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b?</p> <p><input type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the Qualified Dividends and Capital Gain Tax Worksheet on page 38 of the instructions for Form 1040 (or in the instructions for Form 1040NR).</p> <p><input type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.</p>	<p>16</p> <hr/> <p>18</p> <hr/> <p>19</p> <hr/> <p>21</p>
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SCHEDULE E
(Form 1040)

Department of the Treasury
Internal Revenue Service (IRS)

Supplemental Income and Loss
(From rental real estate, royalties, partnerships,
S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Forms 1040, 1040NR, or Form 1041. ▶ See instructions for Schedule E (Form 1040).

OMB No. 1545-0047

2007
Attachment
Sequence No. **13**

Name(s) shown on return

Your social security number

Part I **Income or Loss From Rental Real Estate and Royalties** *Note.* If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

1	List the type and location of each rental real estate property:	2	For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:	Yes	No
A		• 14 days or	A		
B		• 10% of the total days rented at fair rental value?	B		
C		(See page E-3.)	C		

Income:	Properties			Totals (Add columns A, B, and C.)
	A	B	C	
3 Rents received	3			3
4 Royalties received	4			4
Expenses:				
5 Advertising	5			
6 Auto and travel (see page E-4)	6			
7 Cleaning and maintenance	7			
8 Commissions	8			
9 Insurance	9			
10 Legal and other professional fees	10			
11 Management fees	11			
12 Mortgage interest paid to banks, etc. (see page E-4)	12			12
13 Other interest	13			
14 Repairs	14			
15 Supplies	15			
16 Taxes	16			
17 Utilities	17			
18 Other (list) ▶	18			
19 Add lines 5 through 18	19			19
20 Depreciation expense or depletion (see page E-4)	20			20
21 Total expenses. Add lines 19 and 20	21			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-5 to find out if you must file Form 6198	22			
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-5 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2	23			
24 Income. Add positive amounts shown on line 22. Do not include any losses	24			24
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here	25			25
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26			26

SCHEDULE SE
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Self-Employment Tax

▶ Attach to Form 1040. ▶ See instructions for Schedule SE (Form 1040).

OMB No. 1545-0074

2007

Attachment
Sequence No. **17**

Name of person with self-employment income (as shown on Form 1040)	Social security number of person with self-employment income ▶
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Who Must File Schedule SE

You must file Schedule SE if:

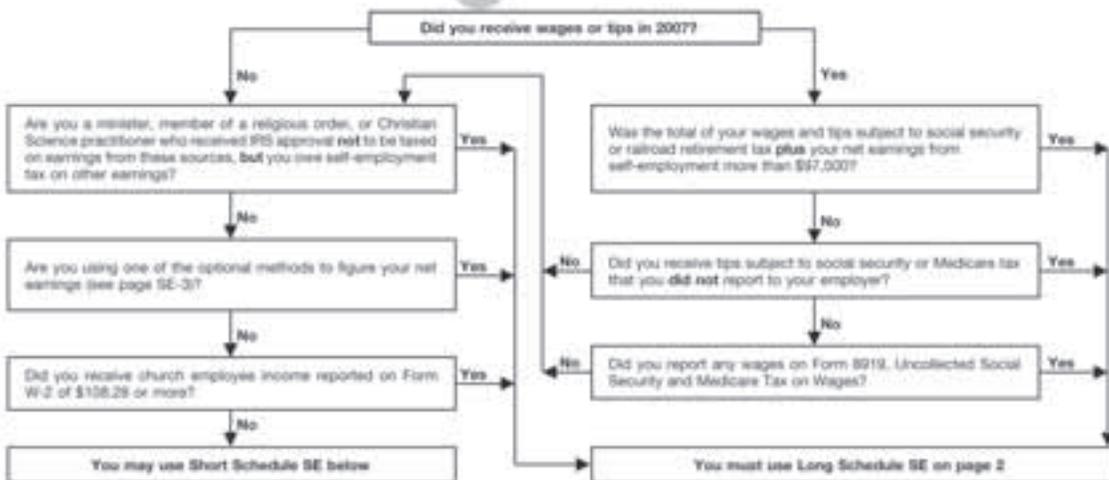
- You had net earnings from self-employment from **other than** church employee income (line 4 of Short Schedule SE or line 4c of Long Schedule SE) of \$400 or more, or
- You had church employee income of \$108.28 or more, income from services you performed as a minister or a member of a religious order **is not** church employee income (see page SE-1).

Note. Even if you had a loss or a small amount of income from self-employment, it may be to your benefit to file Schedule SE and use either "optional method" in Part II of Long Schedule SE (see page SE-3).

Exception. If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361 and received IRS approval not to be taxed on those earnings, **do not** file Schedule SE. Instead, write "Exempt-Form 4361" on Form 1040, line 58.

May I Use Short Schedule SE or Must I Use Long Schedule SE?

Note. Use this flowchart **only** if you must file Schedule SE. If unsure, see Who Must File Schedule SE, above.



Section A—Short Schedule SE. Caution. Read above to see if you can use Short Schedule SE.

1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1	
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-3 for other income to report	2	
3	Combine lines 1 and 2	3	
4	Net earnings from self-employment. Multiply line 3 by 92.35% (.9235). If less than \$400, do not file this schedule; you do not owe self-employment tax ▶	4	
5	Self-employment tax. If the amount on line 4 is: • \$97,500 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 58. • More than \$97,500, multiply line 4 by 2.9% (.029). Then, add \$12,090 to the result. Enter the total here and on Form 1040, line 58.	5	
6	Deduction for one-half of self-employment tax. Multiply line 5 by 50% (.5). Enter the result here and on Form 1040, line 27	6	

Qualified Dividends and Capital Gain Tax Worksheet—Line 44

Keep for Your Records 

Before you begin: / See the instructions for line 44 that begin on page 33 to see if you can use this worksheet to figure your tax.
 / If you do not have to file Schedule D and you received capital gain distributions, be sure you checked the box on line 13 of Form 1040.

1. Enter the amount from Form 1040, line 43	1.	<input type="text"/>
2. Enter the amount from Form 1040, line 9b	2.	<input type="text"/>
3. Are you filing Schedule D? <input checked="" type="checkbox"/> Yes. Enter the smaller of line 15 or 16 of Schedule D. If either line 15 or line 16 is a loss, enter -0- <input type="checkbox"/> No. Enter the amount from Form 1040, line 13	3.	<input type="text"/>
4. Add lines 2 and 3	4.	<input type="text"/>
5. If you are claiming investment interest expense on Form 4952, enter the amount from line 4g of that form. Otherwise, enter -0-	5.	<input type="text"/>
6. Subtract line 5 from line 4. If zero or less, enter -0-	6.	<input type="text"/>
7. Subtract line 6 from line 1. If zero or less, enter -0-	7.	<input type="text"/>
8. Enter the smaller of: <ul style="list-style-type: none"> • The amount on line 1, or • \$31,850 if single or married filing separately, \$63,700 if married filing jointly or qualifying widow(er), \$42,650 if head of household. 	8.	<input type="text"/>
9. Is the amount on line 7 equal to or more than the amount on line 8? <input type="checkbox"/> Yes. Skip lines 9 through 11; go to line 12 and check the "No" box. <input type="checkbox"/> No. Enter the amount from line 7	9.	<input type="text"/>
10. Subtract line 9 from line 8	10.	<input type="text"/>
11. Multiply line 10 by 5% (.05)	11.	<input type="text"/>
12. Are the amounts on lines 6 and 10 the same? <input type="checkbox"/> Yes. Skip lines 12 through 15; go to line 16. <input type="checkbox"/> No. Enter the smaller of line 1 or line 6	12.	<input type="text"/>
13. Enter the amount from line 10 (if line 10 is blank, enter -0-)	13.	<input type="text"/>
14. Subtract line 13 from line 12	14.	<input type="text"/>
15. Multiply line 14 by 15% (.15)	15.	<input type="text"/>
16. Figure the tax on the amount on line 7. Use the Tax Table or Tax Computation Worksheet, whichever applies	16.	<input type="text"/>
17. Add lines 11, 15, and 16	17.	<input type="text"/>
18. Figure the tax on the amount on line 1. Use the Tax Table or Tax Computation Worksheet, whichever applies	18.	<input type="text"/>
19. Tax on all taxable income. Enter the smaller of line 17 or line 18. Also include this amount on Form 1040, line 44	19.	<input type="text"/>

you when made. From that result, subtract the amount of the qualified rollover. Enter the remaining amount, even if zero, on line 16b. Also, enter "Rollover" next to line 16b.

Special rules apply to partial rollovers of property. For more details on rollovers, including distributions under qualified domestic relations orders, see Pub. 575.

Lump-Sum Distributions

If you received a lump-sum distribution from a profit-sharing or retirement plan, your Form 1099-R should have the "Total distribution" box in box 2b checked. You may owe an additional tax if you received an early distribution from a qualified retirement plan and the total amount was not rolled over in a qualified rollover. For details, see the instructions for line 60 on page 41.

Enter the total distribution on line 16a and the taxable part on line 16b.



TIP You may be able to pay less tax on the distribution if you were born before January 2, 1936, or you are the beneficiary of a deceased employee who was born before January 2, 1936. For details, see Form 4972.

Simplified Method Worksheet—Lines 16a and 16b

Keep for Your Records

Before you begin: If you are the beneficiary of a deceased employee or former employee who died before August 21, 1996, include any death benefit exclusion that you are entitled to (up to \$5,000) in the amount entered on line 2 below.

Note. If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 16b. Enter the total pension or annuity payments received in 2007 on Form 1040, line 16a.

1. Enter the total pension or annuity payments received in 2007. Also, enter this amount on Form 1040, line 16a. 1.
2. Enter your cost in the plan at the annuity starting date. 2.
Note. If you completed this worksheet last year, skip line 3 and enter the amount from line 4 of last year's worksheet on line 4 below (even if the amount of your pension or annuity has changed). Otherwise, go to line 3.
3. Enter the appropriate number from **Table 1** below. **But** if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, enter the appropriate number from **Table 2** below. 3.
4. Divide line 2 by the number on line 3. 4.
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was before 1987, skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6. 5.
6. Enter the amount, if any, recovered tax free in years after 1986. If you completed this worksheet last year, enter the amount from line 10 of last year's worksheet. 6.
7. Subtract line 6 from line 2. 7.
8. Enter the smaller of line 5 or line 7. 8.
9. **Taxable amount.** Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040, line 16b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R. 9.
10. Was your annuity starting date before 1987?
 Yes. No. Leave line 10 blank.
 No. Add lines 6 and 8. This is the amount you have recovered tax free through 2007. You will need this number when you fill out this worksheet next year. 10.

Table 1 for Line 3 Above

IF the age at annuity starting date (see page 27) was . . .	AND your annuity starting date was—	
	before November 18, 1996, enter on line 3 . . .	after November 18, 1996, enter on line 3 . . .
55 or under	300	300
56–60	280	310
61–65	240	280
66–70	170	210
71 or older	120	160

Table 2 for Line 3 Above

IF the combined ages at annuity starting date (see page 27) were . . .	THEN enter on line 3 . . .
110 or under	410
111–120	360
121–130	310
131–140	260
141 or older	210

Social Security Benefits Worksheet—Lines 20a and 20b

Keep for Your Records 

Before you begin:

- ✓ Complete Form 1040, lines 21 and 23 through 32, if they apply to you.
- ✓ Figure any write-in adjustments to be entered on the dotted line next to line 36 (see the instructions for line 36 on page 31).
- ✓ If you are married filing separately and you lived apart from your spouse for all of 2007, enter "D" to the right of the word "benefits" on line 20a.
- ✓ Be sure you have read the **Exception** on page 24 to see if you can use this worksheet instead of a publication to find out if any of your benefits are taxable.

<p>1. Enter the total amount from box 5 of all your Forms SSA-1099 and Forms RRB-1099. Also, enter this amount on Form 1040, line 20a 1. <input style="width: 100px;" type="text"/></p> <p>2. Enter one-half of line 1 2. <input style="width: 100px;" type="text"/></p> <p>3. Enter the total of the amounts from Form 1040, lines 7, 8a, 9a, 10 through 14, 15b, 16b, 17 through 19, and 21 3. <input style="width: 100px;" type="text"/></p> <p>4. Enter the amount, if any, from Form 1040, line 8b 4. <input style="width: 100px;" type="text"/></p> <p>5. Add lines 2, 3, and 4 5. <input style="width: 100px;" type="text"/></p> <p>6. Enter the total of the amounts from Form 1040, lines 23 through 32, and any write-in adjustments you entered on the dotted line next to line 36 6. <input style="width: 100px;" type="text"/></p> <p>7. Is the amount on line 6 less than the amount on line 5?</p> <p><input type="checkbox"/> No.  None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b.</p> <p><input type="checkbox"/> Yes. Subtract line 6 from line 5 7. <input style="width: 100px;" type="text"/></p> <p>8. If you are:</p> <ul style="list-style-type: none"> • Married filing jointly, enter \$32,000 • Single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2007, enter \$25,000 • Married filing separately and you lived with your spouse at any time in 2007, skip lines 8 through 15; multiply line 7 by 85% (.85) and enter the result on line 16. Then go to line 17 <p style="text-align: right;">} 8. <input style="width: 100px;" type="text"/></p> <p>9. Is the amount on line 8 less than the amount on line 7?</p> <p><input type="checkbox"/> No.  None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b. If you are married filing separately and you lived apart from your spouse for all of 2007, be sure you entered "D" to the right of the word "benefits" on line 20a.</p> <p><input type="checkbox"/> Yes. Subtract line 8 from line 7 9. <input style="width: 100px;" type="text"/></p> <p>10. Enter: \$12,000 if married filing jointly; \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2007 . . . 10. <input style="width: 100px;" type="text"/></p> <p>11. Subtract line 10 from line 9. If zero or less, enter -0- 11. <input style="width: 100px;" type="text"/></p> <p>12. Enter the smaller of line 9 or line 10 12. <input style="width: 100px;" type="text"/></p> <p>13. Enter one-half of line 12 13. <input style="width: 100px;" type="text"/></p> <p>14. Enter the smaller of line 2 or line 13 14. <input style="width: 100px;" type="text"/></p> <p>15. Multiply line 11 by 85% (.85). If line 11 is zero, enter -0- 15. <input style="width: 100px;" type="text"/></p> <p>16. Add lines 14 and 15 16. <input style="width: 100px;" type="text"/></p> <p>17. Multiply line 1 by 85% (.85) 17. <input style="width: 100px;" type="text"/></p> <p>18. Taxable social security benefits. Enter the smaller of line 16 or line 17. Also enter this amount on Form 1040, line 20b 18. <input style="width: 100px;" type="text"/></p>	
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TIP If any of your benefits are taxable for 2007 and they include a lump-sum benefit payment that was for an earlier year, you may be able to reduce the taxable amount. See Pub. 915 for details.

Form **1116**

Foreign Tax Credit
(Individual, Estate, or Trust)

OMB No. 1545-0121

2007

Department of the Treasury
Internal Revenue Service (IRS)

▶ Attach to Form 1040, 1040NR, 1041, or 990-T.
▶ See separate instructions.

Attachment
Sequence No. **19**

Name _____ Identifying number as shown on page 1 of your tax return _____

Use a separate Form 1116 for each category of income listed below. See **Categories of Income** on page 3 of the instructions. Check only one box on each Form 1116. Report all amounts in U.S. dollars except where specified in Part I below.

- a** Passive category income **c** Section 501(c) income Lump-sum distributions
 b General category income **d** Certain income re-sourced by treaty

f Resident of (name of country) ▶ _____

Note: If you paid taxes to only one foreign country or U.S. possession, use column A in Part I and line A in Part II. If you paid taxes to more than one foreign country or U.S. possession, use a separate column and line for each country or possession.

Part I Taxable Income or Loss From Sources Outside the United States (for Category Checked Above)

	Foreign Country or U.S. Possession			Total (Add cols. A, B, and C.)
	A	B	C	
g Enter the name of the foreign country or U.S. possession ▶ _____				
1a Gross income from sources within country shown above and of the type checked above (see page 13 of the instructions): _____				1a
b Check if line 1a is compensation for personal services as an employee, your total compensation from all sources is \$250,000 or more, and you used an alternative basis to determine its source (see instructions) ▶ <input type="checkbox"/>				
Deductions and losses (Caution: See pages 13 and 14 of the instructions):				
2 Expenses definitely related to the income on line 1a (attach statement): _____				
3 Pro rata share of other deductions not definitely related:				
a Certain itemized deductions or standard deduction (see instructions): _____				
b Other deductions (attach statement): _____				
c Add lines 3a and 3b: _____				
d Gross foreign source income (see instructions): _____				
e Gross income from all sources (see instructions): _____				
f Divide line 3d by line 3e (see instructions): _____				
g Multiply line 3c by line 3f: _____				
4 Pro rata share of interest expense (see instructions):				
a Home mortgage interest (use worksheet on page 13 of the instructions): _____				
b Other interest expense: _____				
5 Losses from foreign sources: _____				
6 Add lines 2, 3g, 4a, 4b, and 5: _____				6
7 Subtract line 6 from line 1a. Enter the result here and on line 14, page 2 ▶ _____				7

Part II Foreign Taxes Paid or Accrued (see page 14 of the instructions)

Country	Credit is claimed for taxes (you must check one) (N) <input type="checkbox"/> Paid (A) <input type="checkbox"/> Accrued	Foreign taxes paid or accrued						(f) Other foreign taxes paid or accrued	(g) Total foreign taxes paid or accrued (add cols. (d) through (f))
		In foreign currency			In U.S. dollars				
		(i) Date paid or accrued	(d) Dividends	(e) Rents and royalties	(e) Interest	(d) Dividends	(e) Rents and royalties		
A									
B									
C									
8 Add lines A through C, column (g). Enter the total here and on line 9, page 2 ▶ _____								8	

For Paperwork Reduction Act Notice, see page 18 of the instructions.

Cat. No. 114402

Form **1116** (2007)

Part III Figuring the Credit

9	Enter the amount from line 8. These are your total foreign taxes paid or accrued for the category of income checked above Part I	9	
10	Carryback or carryover (attach detailed computation)	10	
11	Add lines 9 and 10.	11	
12	Reduction in foreign taxes (see page 15 of the instructions)	12	
13	Subtract line 12 from line 11. This is the total amount of foreign taxes available for credit	13	
14	Enter the amount from line 7. This is your taxable income or (loss) from sources outside the United States (before adjustments) for the category of income checked above Part I (see page 16 of the instructions)	14	
15	Adjustments to line 14 (see pages 15 and 16 of the instructions)	15	
16	Combine the amounts on lines 14 and 15. This is your net foreign source taxable income. (If the result is zero or less, you have no foreign tax credit for the category of income you checked above Part I. Skip lines 17 through 21. However, if you are filing more than one Form 1116, you must complete line 19)	16	
17	Individuals: Enter the amount from Form 1040, line 41, if you are a nonresident alien, enter the amount from Form 1040NR, line 38. Estates and trusts: Enter your taxable income without the deduction for your exemption. Caution: If you figured your tax using the lower rates on qualified dividends or capital gains, see page 16 of the instructions.	17	
18	Divide line 16 by line 17. If line 16 is more than line 17, enter "1"	18	
19	Individuals: Enter the amount from Form 1040, line 44, minus any amounts from lines 47-50, and any mortgage interest credit (from Form 8396, line 13) and District of Columbia first time homebuyer credit (from Form 8859, line 13). If you are a nonresident alien, enter the amount from Form 1040NR, line 41, minus any amounts from lines 44-45, and any mortgage interest credit (from Form 8396, line 13) and District of Columbia first time homebuyer credit (from Form 8859, line 13). Estates and trusts: Enter the amount from Form 1041, Schedule G, line 1a, or the total of Form 990-T, lines 36 and 37 Caution: If you are completing line 19 for separate category e (lump-sum distributions), see page 18 of the instructions.	19	
20	Multiply line 19 by line 18 (maximum amount of credit)	20	
21	Enter the smaller of line 13 or line 20. If this is the only Form 1116 you are filing, skip lines 22 through 26 and enter this amount on line 27. Otherwise, complete the appropriate line in Part IV (see page 18 of the instructions)	21	

Part IV Summary of Credits From Separate Parts III (see page 18 of the instructions)

22	Credit for taxes on passive category income	22	
23	Credit for taxes on general category income	23	
24	Credit for taxes on certain income re-sourced by treaty	24	
25	Credit for taxes on lump-sum distributions	25	
26	Add lines 22 through 25	26	
27	Enter the smaller of line 19 or line 26	27	
28	Reduction of credit for international boycott operations. See instructions for line 12 on page 15	28	
29	Subtract line 28 from line 27. This is your foreign tax credit . Enter here and on Form 1040, line 51; Form 1040NR, line 46; Form 1041, Schedule G, line 2a; or Form 990-T, line 40a	29	



▶ See separate instructions. ▶ Attach to Form 1040.

For Use by U.S. Citizens and Resident Aliens Only

Name shown on Form 1040

Your social security number

Part I General Information

- 1 Your foreign address (including country)
- 2 Your occupation
- 3 Employer's name ▶
- 4a Employer's U.S. address ▶
- b Employer's foreign address ▶
- 5 Employer is (check any that apply):
 - a A foreign entity
 - b A U.S. company
 - c Self
 - d A foreign affiliate of a U.S. company
 - e Other (specify) ▶
- 6a If, after 1981, you filed Form 2555 or Form 2555-EZ, enter the last year you filed the form. ▶
- b If you did not file Form 2555 or 2555-EZ after 1981 to claim either of the exclusions, check here ▶ and go to line 7.
- c Have you ever revoked either of the exclusions? Yes No
- d If you answered "Yes," enter the type of exclusion and the tax year for which the revocation was effective. ▶
- 7 Of what country are you a citizen/national? ▶
- 8a Did you maintain a separate foreign residence for your family because of adverse living conditions at your tax home? See **Second foreign household** on page 3 of the instructions. Yes No
- b If "Yes," enter city and country of the separate foreign residence. Also, enter the number of days during your tax year that you maintained a second household at that address. ▶
- 9 List your tax home(s) during your tax year and date(s) established. ▶

Next, complete either Part II or Part III. If an item does not apply, enter "NA." If you do not give the information asked for, any exclusion or deduction you claim may be disallowed.

Part II Taxpayers Qualifying Under Bona Fide Residence Test (see page 2 of the instructions)

- 10 Date bona fide residence began ▶, and ended ▶
- 11 Kind of living quarters in foreign country ▶
 - a Purchased house
 - b Rented house or apartment
 - c Rented room
 - d Quarters furnished by employer
- 12a Did any of your family live with you abroad during any part of the tax year? Yes No
- b If "Yes," who and for what period? ▶
- 13a Have you submitted a statement to the authorities of the foreign country where you claim bona fide residence that you are not a resident of that country? See instructions Yes No
- b Are you required to pay income tax to the country where you claim bona fide residence? See instructions Yes No
- If you answered "Yes" to 13a and "No" to 13b, you do not qualify as a bona fide resident. Do not complete the rest of this part.
- 14 If you were present in the United States or its possessions during the tax year, complete columns (a)-(d) below. Do not include the income from column (d) in Part IV, but report it on Form 1040.

(a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)	(a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)

- 15a List any contractual terms or other conditions relating to the length of your employment abroad. ▶
- b Enter the type of visa under which you entered the foreign country. ▶
- c Did your visa limit the length of your stay or employment in a foreign country? If "Yes," attach explanation Yes No
- d Did you maintain a home in the United States while living abroad? Yes No
- e If "Yes," enter address of your home, whether it was rented, the names of the occupants, and their relationship to you. ▶

Part III Taxpayers Qualifying Under Physical Presence Test (see page 2 of the instructions)

- 16 The physical presence test is based on the 12-month period from **▶** through **▶**
- 17 Enter your principal country of employment during your tax year. **▶**
- 18 If you traveled abroad during the 12-month period entered on line 16, complete columns (a)-(f) below. Exclude travel between foreign countries that did not involve travel on or over international waters, or in or over the United States, for 24 hours or more. If you have no travel to report during the period, enter "Physically present in a foreign country or countries for the entire 12-month period." **Do not** include the income from column (f) below in Part IV, but report it on Form 1040.

(a) Name of country (including U.S.)	(b) Date arrived	(c) Date left	(d) Full days present in country	(e) Number of days in U.S. on business	(f) Income earned in U.S. (if business (attach computation))

Part IV All Taxpayers

Note: Enter on lines 19 through 23 all income, including noncash income, you earned and actually or constructively received during your 2007 tax year for services you performed in a foreign country, if any of the foreign earned income received this tax year was earned in a prior tax year, or will be earned in a later tax year (such as a bonus), see the instructions. **Do not** include income from line 14, column (d), or line 18, column (f). Report amounts in U.S. dollars, using the exchange rates in effect when you actually or constructively received the income.

If you are a cash basis taxpayer, report on Form 1040 all income you received in 2007, no matter when you performed the service.

2007 Foreign Earned Income		Amount (in U.S. dollars)
19	Total wages, salaries, bonuses, commissions, etc.	19
20	Allowable share of income for personal services performed (see instructions):	
a	In a business (including farming) or profession	20a
b	In a partnership. List partnership's name and address and type of income. ▶	20b
21	Noncash income (market value of property or facilities furnished by employer—attach statement showing how it was determined):	
a	Home (lodging).	21a
b	Meals	21b
c	Car	21c
d	Other property or facilities. List type and amount. ▶	21d
22	Allowances, reimbursements, or expenses paid on your behalf for services you performed:	
a	Cost of living and overseas differential	22a
b	Family	22b
c	Education	22c
d	Home leave	22d
e	Quarters	22e
f	For any other purpose. List type and amount. ▶	22f
g	Add lines 22a through 22f	22g
23	Other foreign earned income. List type and amount. ▶	23
24	Add lines 19 through 21d, line 22g, and line 23	24
25	Total amount of meals and lodging included on line 24 that is excludable (see instructions)	25
26	Subtract line 25 from line 24. Enter the result here and on line 27 on page 3. This is your 2007 foreign earned income. ▶	26

Part V All Taxpayers

27	Enter the amount from line 26	27	
Are you claiming the housing exclusion or housing deduction?			
<input type="checkbox"/> Yes. Complete Part VI.			
<input type="checkbox"/> No. Go to Part VII.			

Part VI Taxpayers Claiming the Housing Exclusion and/or Deduction

28	Qualified housing expenses for the tax year (see instructions)	28	
29a	Enter location where housing expenses incurred (see instructions) ▶		
b	Enter limit on housing expenses (see instructions)	29b	
30	Enter the smaller of line 28 or line 29b	30	
31	Number of days in your qualifying period that fall within your 2007 tax year (see instructions)	31	days
32	Multiply \$37.57 by the number of days on line 31. If 365 is entered on line 31, enter \$13,712.00 here	32	
33	Subtract line 32 from line 30. If the result is zero or less, do not complete the rest of this part or any of Part IX	33	
34	Enter employer-provided amounts (see instructions)	34	
35	Divide line 34 by line 27. Enter the result as a decimal (rounded to at least three places), but do not enter more than "1.000"	35	x
36	Housing exclusion. Multiply line 33 by line 35. Enter the result but do not enter more than the amount on line 34. Also, complete Part VIII	36	

Note: The housing deduction is figured in Part IX. If you choose to claim the foreign earned income exclusion, complete Parts VII and VIII before Part IX.

Part VII Taxpayers Claiming the Foreign Earned Income Exclusion

37	Maximum foreign earned income exclusion	37	\$65,700	00
38	<ul style="list-style-type: none"> If you completed Part VI, enter the number from line 31. All others, enter the number of days in your qualifying period that fall within your 2007 tax year (see the instructions for line 31). 	38	days	
39	<ul style="list-style-type: none"> If line 38 and the number of days in your 2007 tax year (usually 365) are the same, enter "1.000." Otherwise, divide line 38 by the number of days in your 2007 tax year and enter the result as a decimal (rounded to at least three places). 	39	x	
40	Multiply line 37 by line 39	40		
41	Subtract line 36 from line 27	41		
42	Foreign earned income exclusion. Enter the smaller of line 40 or line 41. Also, complete Part VIII ▶	42		

Part VIII Taxpayers Claiming the Housing Exclusion, Foreign Earned Income Exclusion, or Both

43	Add lines 36 and 42	43	
44	Deductions allowed in figuring your adjusted gross income (Form 1040, line 37) that are allocable to the excluded income. See instructions and attach computation	44	
45	Subtract line 44 from line 43. Enter the result here and in parentheses on Form 1040, line 21. Next to the amount enter "Form 2555." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22. ▶	45	

Part IX Taxpayers Claiming the Housing Deduction—Complete this part only if (a) line 33 is more than line 36 and (b) line 27 is more than line 43.

46	Subtract line 36 from line 33	46	
47	Subtract line 43 from line 27	47	
48	Enter the smaller of line 46 or line 47	48	
Note: If line 47 is more than line 48 and you could not deduct all of your 2006 housing deduction because of the 2006 limit, use the worksheet on page 4 of the instructions to figure the amount to enter on line 49. Otherwise, go to line 50.			
49	Housing deduction carryover from 2006 (from worksheet on page 4 of the instructions)	49	
50	Housing deduction. Add lines 48 and 49. Enter the total here and on Form 1040 to the left of line 36. Next to the amount on Form 1040, enter "Form 2555." Add it to the total adjustments reported on that line ▶	50	

Form **2555-EZ**

Department of the Treasury
Internal Revenue Service 899

Name shown on Form 1040

Foreign Earned Income Exclusion

▶ See separate instructions. ▶ Attach to Form 1040.

OMB No. 1545-0074

2007

Attachment
Sequence No. **34A**

Your social security number

You May Use This Form If You:

- Are a U.S. citizen or a resident alien.
- Earned wages/salaries in a foreign country.
- Had total foreign earned income of \$85,700 or less.
- Are filing a calendar year return that covers a 12-month period.

And You:

- Do not have self-employment income.
- Do not have business/moving expenses.
- Do not claim the foreign housing exclusion or deduction.

Part I Tests To See If You Can Take the Foreign Earned Income Exclusion

1 Bona Fide Residence Test

- a Were you a bona fide resident of a foreign country or countries for a period that includes an entire tax year (see page 2 of the instructions)? Yes No
- If you answered "Yes," you meet this test. Fill in line 1b and then go to line 3.
 - If you answered "No," you **do not** meet this test. Go to line 2 to see if you meet the Physical Presence Test.
- b Enter the date your bona fide residence began ▶ _____, and ended (see instructions) ▶ _____

2 Physical Presence Test

- a Were you physically present in a foreign country or countries for at least 300 full days during—
(2007 or any other period of 12 months in a row starting or ending in 2007) Yes No
- If you answered "Yes," you meet this test. Fill in line 2b and then go to line 3.
 - If you answered "No," you **do not** meet this test. You **cannot** take the exclusion unless you meet the Bona Fide Residence Test above.
- b The physical presence test is based on the 12-month period from ▶ _____ through ▶ _____

3 Tax Home Test. Was your tax home in a foreign country or countries throughout your period of bona fide residence or physical presence, whichever applies?

- Yes No
- If you answered "Yes," you can take the exclusion. Complete Part II below and then go to page 2.
 - If you answered "No," you **cannot** take the exclusion. **Do not** file this form.

Part II General Information

4 Your foreign address (including country)		5 Your occupation	
6 Employer's name	7 Employer's U.S. address (including ZIP code)	8 Employer's foreign address	
9 Employer is (check any that apply):			
a A U.S. business		<input type="checkbox"/>	
b A foreign business		<input type="checkbox"/>	
c Other (specify) ▶ _____		<input type="checkbox"/>	
10a If you filed Form 2555 or 2555-EZ after 1981, enter the last year you filed the form. ▶ _____			
b If you did not file Form 2555 or 2555-EZ after 1981, check here <input type="checkbox"/> and go to line 11a now.			
c Have you ever revoked the foreign earned income exclusion? <input type="checkbox"/> Yes <input type="checkbox"/> No			
d If you answered "Yes," enter the tax year for which the revocation was effective. ▶ _____			
11a List your tax home(s) during 2007 and date(s) established. ▶ _____			
b Of what country are you a citizen/national? ▶ _____			

For Paperwork Reduction Act Notice, see page 3 of separate instructions.

Cat. No. 13272W

Form **2555-EZ** (2007)

Part III Days Present in the United States—Complete this part if you were in the United States or its possessions during 2007.

12 (a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)

Draft as of 04/19/2007

Part IV Figure Your Foreign Earned Income Exclusion

13	Maximum foreign earned income exclusion	13	\$65,700	00
14	Enter the number of days in your qualifying period that fall within 2007	14	14	days
15	Did you enter 365 on line 14? <input type="checkbox"/> Yes. Enter "1,000." <input type="checkbox"/> No. Divide line 14 by 365 and enter the result as a decimal (rounded to at least three places). }	15	X	.
16	Multiply line 13 by line 15	16		
17	Enter, in U.S. dollars, the total foreign earned income you earned and received in 2007 (see instructions). Be sure to include this amount on Form 1040, line 7	17		
18	Foreign earned income exclusion. Enter the smaller of line 16 or line 17 here and in parentheses on Form 1040, line 21. Next to the amount enter "2555-EZ." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22 ▶	18		



Form 1040—Line 44

Foreign Earned Income Tax Worksheet. If you claimed the foreign earned income exclusion or the housing exclusion on Form 2555 or Form 2555-EZ, you must figure your tax using the worksheet below.

Foreign Earned Income Tax Worksheet—Line 44

Keep for Your Records 

Before you begin: See the instructions above to see if you must use this worksheet to figure your tax.

1. Enter the amount from Form 1040, line 41	1.	<input type="text"/>
2. Enter the amount from Form 1040, line 42	2.	<input type="text"/>
3. Subtract line 2 from line 1. If less than zero, enter the amount in parentheses	3.	<input type="text"/>
4. Enter the amount from your (and your spouse's, if filing jointly) Form 2555, line 45, or Form 2555-EZ, line 18	4.	<input type="text"/>
5. Enter the total amount of any itemized deductions you could not claim because they are related to excluded income	5.	<input type="text"/>
6. Subtract line 5 from line 4. If zero or less, enter -0-	6.	<input type="text"/>
7. Combine lines 3 and 6. If zero or less, enter -0-	7.	<input type="text"/>
8. Tax on amount on line 7. Use the Tax Table, Tax Computation Worksheet, Schedule D Tax Worksheet*, Qualified Dividends and Capital Gain Tax Worksheet*, or Form 8615**, whichever applies. See the instructions for line 44 that begin on page 33 to see which tax computation method applies	8.	<input type="text"/>
9. Tax on amount on line 6. Use the Tax Table or Tax Computation Worksheet, whichever applies	9.	<input type="text"/>
10. Subtract line 9 from line 8. Enter the result. If zero or less, enter -0-. Also include this amount on Form 1040, line 44	10.	<input type="text"/>

*Enter the amount from line 7 above on line 1 of the Qualified Dividends and Capital Gain Tax Worksheet or Schedule D Tax Worksheet if you use either of those worksheets to figure the tax on line 8 above. Complete the rest of either of those worksheets according to the worksheet's instructions. Then complete lines 9 and 10 above.

**If you use Form 8615 to figure the tax on line 8 above, enter the amount from line 7 above on line 4 of Form 8615. If the child's parent files Form 2555 or 2555-EZ, enter the amounts from lines 7 and 8 of the parent's Foreign Earned Income Tax Worksheet on lines 6 and 10, respectively, of Form 8615. Complete the rest of Form 8615 according to its instructions. Then complete lines 9 and 10 above.

Name(s) shown on return

Your social security number

Part I Nonbusiness Energy Property Credit (See instructions before completing this part.)

		1	Yes	No
1	Were the qualified energy efficiency improvements or residential energy property costs for your main home located in the United States? (see instructions)		<input type="checkbox"/>	<input type="checkbox"/>
Caution: If you checked the "No" box, you cannot claim the nonbusiness energy property credit. Do not complete Part I.				
2	Qualified energy efficiency improvements (see instructions)			
a	Insulation material or system specifically and primarily designed to reduce heat loss or gain in your home	2a		
b	Exterior doors	2b		
c	Metal roof with appropriate pigmented coatings that meet the Energy Star program requirements and is specifically and primarily designed to reduce heat gain in your home	2c		
d	Exterior windows (including skylights)	2d		
e	Maximum amount of cost on which the credit can be figured	2e	2,000	
f	Enter the amount, if any, from your 2006 Form 5695, line 2b. Otherwise, enter -0-	2f		
g	Subtract line 2f from line 2e	2g		
h	Enter the smaller of line 2d or line 2g	2h		
3	Add lines 2a, 2b, 2c, and 2h	3		
4	Multiply line 3 by 10% (.10)	4		
5	Residential energy property costs (see instructions)			
a	Energy-efficient building property. Do not enter more than \$300	5a		
b	Qualified natural gas, propane, or oil furnace or hot water boiler. Do not enter more than \$150	5b		
c	Advanced main air circulating fan used in a natural gas, propane, or oil furnace. Do not enter more than \$50	5c		
6	Add lines 5a through 5c	6		
7	Add lines 4 and 6	7		
8	Maximum credit amount. (If you jointly occupied the home, see instructions)	8	500	
9	Enter the amount, if any, from your 2006 Form 5695, line 8. Otherwise, enter -0-	9		
10	Subtract line 9 from line 8	10		
11	Enter the smaller of line 7 or line 10	11		
12	Enter the amount from Form 1040, line 44, or Form 1040NR, line 41	12		
13	Enter the total, if any, of your credits from Form 1040, lines 47 through 49, or Form 1040NR, line 44	13		
14	Enter the amount from Form 6251, line 31 (see instructions)	14		
15	Add lines 13 and 14	15		
16	Subtract line 15 from line 12. If zero or less, stop . You cannot take the nonbusiness energy property credit	16		
17	Nonbusiness energy property credit. Enter the smaller of line 11 or line 16	17		

For Paperwork Reduction Act Notice, see instructions.

Before you begin: Figure the amount of any mortgage interest credit or District of Columbia first-time homebuyer credit you are claiming.

Part II Residential Energy Efficient Property Credit (See instructions before completing this part.)

18	Qualified solar electric property costs	18		
19	Multiply line 18 by 30% (.30)	19		
20	Maximum credit amount	20	1,000	
21	Enter the smaller of line 19 or line 20	21		
22	Qualified solar water heating property costs	22		
23	Multiply line 22 by 30% (.30)	23		
24	Maximum credit amount	24	2,000	
25	Enter the smaller of line 23 or line 24	25		
26	Qualified fuel cell property costs	26		
27	Multiply line 26 by 30% (.30)	27		
28	Kilowatt capacity of property on line 26 above \times \$1,000	28		
29	Enter the smaller of line 27 or line 28	29		
30	Credit carryforward from 2006. Enter the amount, if any, from your 2006 Form 5695, line 30	30		
31	Add lines 21, 25, 29, and 30	31		
32	Enter the amount from Form 1040, line 44, or Form 1040NR, line 41	32		
33	1040 filers: Enter the total, if any, of your credits from Form 1040, lines 47 through 49, plus the amounts, if any, from line 17 of this form, line 13 of Form 8396, and line 13 of Form 8859. 1040NR filers: Enter the amount, if any, from Form 1040NR, line 44, plus the amount, if any, from line 17 of this form, line 13 of Form 8396, and line 13 of Form 8859.	33		
34	Enter the amount from Form 6251, line 31 (see instructions)	34		
35	Add lines 33 and 34	35		
36	Subtract line 35 from line 32. If zero or less, enter -0- here and on line 37	36		
37	Residential energy efficient property credit. Enter the smaller of line 31 or line 36	37		
38	Credit carryforward to 2008. If line 37 is less than line 31, subtract line 37 from line 31	38		

Part III Current Year Residential Energy Credits

39	Add lines 17 and 37. Enter here and on Form 1040, line 50, or Form 1040NR, line 45	39		
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Form **8812**

Additional Child Tax Credit

1040
1040A
1040NR

OMB No. 1545-0074

2007

Department of the Treasury
Internal Revenue Service (99)

Complete and attach to Form 1040, Form 1040A, or Form 1040NR.

Attachment
Sequence No. **47**

Name(s) shown on return

Your social security number

Part I All Filers

1 Enter the amount from line 1 of your Child Tax Credit Worksheet on page 43 of the Form 1040 instructions, page 38 of the Form 1040A instructions, or page 20 of the Form 1040NR instructions. If you used Pub. 972, enter the amount from line 8 of the worksheet on page 4 of the publication

2 Enter the amount from Form 1040, line 52, Form 1040A, line 32, or Form 1040NR, line 47

3 Subtract line 2 from line 1. If zero, stop; you cannot take this credit

4a Enter your total earned income (see instructions on back)

b Nontaxable combat pay (see instructions on back)

5 Is the amount on line 4a more than \$11,750?

No. Leave line 5 blank and enter -0- on line 6.

Yes. Subtract \$11,750 from the amount on line 4a. Enter the result

6 Multiply the amount on line 5 by 15% (.15) and enter the result

Next, do you have three or more qualifying children?

No. If line 6 is zero, stop; you cannot take this credit. Otherwise, skip Part II and enter the smaller of line 3 or line 6 on line 13.

Yes. If line 6 is equal to or more than line 3, skip Part II and enter the amount from line 3 on line 13. Otherwise, go to line 7.

Part II Certain Filers Who Have Three or More Qualifying Children

7 Withheld social security and Medicare taxes from Form(s) W-2, boxes 4 and 6. If married filing jointly, include your spouse's amounts with yours. If you worked for a railroad, see instructions on back

8 1040 filers: Enter the total of the amounts from Form 1040, lines 27 and 59, plus any taxes that you identified using code "UT" and entered on the dotted line next to line 63.

1040A filers: Enter -0-.

1040NR filers: Enter the total of the amounts from Form 1040NR, line 54, plus any taxes that you identified using code "UT" and entered on the dotted line next to line 58.

9 Add lines 7 and 8

10 1040 filers: Enter the total of the amounts from Form 1040, lines 66a and 67.

1040A filers: Enter the total of the amount from Form 1040A, line 40a, plus any excess social security and tier 1 RRFTA taxes withheld that you entered to the left of line 42 (see instructions on back).

1040NR filers: Enter the amount from Form 1040NR, line 61.

11 Subtract line 10 from line 9. If zero or less, enter -0-

12 Enter the larger of line 6 or line 11

Next, enter the smaller of line 3 or line 12 on line 13.

Part III Additional Child Tax Credit

13 This is your additional child tax credit

1040
1040A
1040NR

Enter this amount on:
Form 1040, line 68,
Form 1040A, line 41, or
Form 1040NR, line 62

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 10644E

Form **8812** (2007)

Instructions

Purpose of Form

Use Form 8812 to figure your additional child tax credit. The additional child tax credit may give you a refund even if you do not owe any tax.

Who Should Use Form 8812

First, complete the Child Tax Credit Worksheet that applies to you. See the instructions for Form 1040, line 52, Form 1040A, line 32, or Form 1040NR, line 47. If you meet the condition given in the TIP at the end of your Child Tax Credit Worksheet, use Form 8812 to see if you can take the additional child tax credit.

Effect of Credit on Welfare Benefits

Any refund you receive as a result of taking the additional child tax credit will not be used to determine if you are eligible for the following programs, or how much you can receive from them. But if the refund you receive because of the additional child tax credit is not spent within a certain period of time, it may count as an asset (or resource) and affect your eligibility:

- Temporary Assistance for Needy Families (TANF).

- Medicaid and supplemental security income (SSI).
- Food stamps and low-income housing.

Nontaxable Combat Pay

Enter on line 4b the total amount of nontaxable combat pay that you, and your spouse if filing jointly, received in 2007. This amount should be shown in Form W-2, box 12, with code Q.

Railroad Employees

If you worked for a railroad, include the following taxes in the total on Form 8812, line 7.

- Tier 1 tax withheld from your pay. This tax should be shown in box 14 of your Form(s) W-2 and identified as "Tier 1 tax."
- If you were an employee representing 50% of the total tier 1 tax and tier 1 Medicare tax you paid for 2007.

1040A Filers

If you, or your spouse if filing jointly, had more than one employer in 2007 and total wages of over \$92,500, figure any excess social security and tier 1 railroad retirement (RRTA) taxes withheld. See Pub. 505. Include any excess on Form 8812, line 10.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For the estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

Earned Income Chart—Line 4a

IF you...	AND you...	THEN enter on line 4a...
have net earnings from self-employment	use either optional method to figure those net earnings	the amount figured using Pub. 972.
are taking the EIC on Form 1040, line 66a, or Form 1040A, line 40a	completed Worksheet B on page 21 of your Form 1040 instructions	your earned income from Worksheet B, line 4b, plus all of your nontaxable combat pay if you did not elect to include it in earned income for the EIC. If you were a member of the clergy, subtract (a) the rental value of a home or the nontaxable portion of an allowance for a home furnished to you (including payments for utilities), and (b) the value of meals and lodging provided to you, your spouse, and your dependents for your employer's convenience.
	did not complete Worksheet B on that Form 1040A	your earned income from Step 1 on page 48 of your 1040 instructions or page 42 of your 1040A instructions, plus all of your nontaxable combat pay if you did not elect to include it in earned income for the EIC.
are not taking the EIC	were self-employed, or you are filing Schedule SE because you were a member of the clergy or you had church-employee income, or you are filing Schedule C or C-EZ as a statutory employee	the amount figured using Pub. 972.
	are not self-employed or filing Schedule SE, C, or C-EZ for the above reasons	your earned income figured as follows: Line 7 of Form 1040 or Form 1040A, or line 8 of Form 1040NR. Subtract, if included on line 7 (line 8 for Form 1040NR), any: <ul style="list-style-type: none"> • Taxable scholarship or fellowship grant not reported on a Form W-2. • Amount received for work performed while an inmate in a penal institution (not "PR") and the amount subtracted in the space next to line 7 of Form 1040 or 1040A (line 8 for Form 1040NR). • Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (not "DEC") and the amount subtracted in the space next to line 7 of Form 1040 or Form 1040A (line 8 for Form 1040NR). This amount may be shown in box 11 of your Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity. • Amount from Form 2555, line 43, or Form 2555-EZ, line 18. Add all your nontaxable combat pay from Form(s) W-2, box 12, with code Q.

Earned income =

Education Credits
(Hope and Lifetime Learning Credits)

Department of the Treasury
Internal Revenue Service (IRS)

▶ See instructions.
▶ Attach to Form 1040 or Form 1040A.

Attachment
Sequence No. **50**

Name(s) shown on return

Your social security number

Caution: • You cannot take the Hope credit and the lifetime learning credit for the same student in the same year.
• You cannot take both an education credit and the tuition and fees deduction (see Form 8917) for the same student in the same year.

Part I Hope Credit. Caution: You cannot take the Hope credit for more than 2 tax years for the same student.

1	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions). Do not enter more than \$2,000 for each student.	(d) Enter the smaller of the amount in column (c) or \$1,100.	(e) Add column (c) and column (d)	(f) Enter one-half of the amount in column (e)
2	Tentative Hope credit. Add the amounts on line 1, column (f). If you are taking the lifetime learning credit for another student, go to Part II; otherwise, go to Part III					2

Part II Lifetime Learning Credit

3	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions)	
4	Add the amounts on line 3, column (c), and enter the total			4
5	Enter the smaller of line 4 or \$10,000			5
6	Tentative lifetime learning credit. Multiply line 5 by 20% (.20) and go to Part III			6

Part III Allowable Education Credits

7	Tentative education credits. Add lines 2 and 6	7
8	Enter: \$114,000 if married filing jointly; \$57,000 if single, head of household, or qualifying widow(er)	8
9	Enter the amount from Form 1040, line 38*, or Form 1040A, line 22	9
10	Subtract line 9 from line 8. If zero or less, stop; you cannot take any education credits	10
11	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)	11
12	If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places)	12
13	Multiply line 7 by line 12	13
14	Enter the amount from Form 1040, line 44, or Form 1040A, line 28 (minus any alternative minimum tax included on Form 1040A, line 28)	14
15	Enter the total, if any, of your credits from Form 1040, lines 47 and 48, or Form 1040A, lines 29 and 30	15
16	1040 filers: Enter the amount from Form 6251, line 31 (see instructions) 1040A filers: Enter the amount, if any, from the Alternative Minimum Tax Worksheet, line 23 (see instructions)	16
17	Add lines 15 and 16	17
18	Subtract line 17 from line 14. If zero or less, stop. You cannot take any education credits	18
19	Education credits. Enter the smaller of line 13 or line 18 here and on Form 1040, line 49, or Form 1040A, line 31	19

* If you are filing Form 2555, 2555-EZ, or 4563, or you are excluding income from Puerto Rico, see Pub. 970 for the amount to enter.

Student Loan Interest Deduction Worksheet—Line 33

Keep for Your Records



Before you begin: ✓ Figure any write-in adjustments to be entered on the dotted line next to line 36 (see the instructions for line 36 on page 31).
 ✓ Be sure you have read the **Exception** above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.

1. Enter the total interest you paid in 2007 on qualified student loans (see above). Do not enter more than \$2,500.	1.	<input type="text"/>
2. Enter the amount from Form 1040, line 22	2.	<input type="text"/>
3. Enter the total of the amounts from Form 1040, lines 23 through 32, plus any write-in adjustments you entered on the dotted line next to line 36	3.	<input type="text"/>
4. Subtract line 3 from line 2	4.	<input type="text"/>
5. Enter the amount shown below for your filing status.	5.	<input type="text"/>
• Single, head of household, or qualifying widow(er)—\$55,000	}	<input type="text"/>
• Married filing jointly—\$110,000		
6. Is the amount on line 4 more than the amount on line 5?	6.	<input type="text"/>
<input type="checkbox"/> No. Skip lines 6 and 7, enter -0- on line 8, and go to line 9.		
<input type="checkbox"/> Yes. Subtract line 5 from line 4		
7. Divide line 6 by \$15,000 (\$30,000 if married filing jointly). Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000	7.	<input type="text"/>
8. Multiply line 1 by line 7	8.	<input type="text"/>
9. Student loan interest deduction. Subtract line 8 from line 1. Enter the result here and on Form 1040, line 33. Do not include this amount in figuring any other deduction on your return (such as on Schedule A, C, E, etc.)	9.	<input type="text"/>

Credit for Qualified Retirement Savings Contributions

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040, Form 1040A, or Form 1040NR.

▶ See instructions on back.

Attachment
Sequence No. **129**

Name(s) shown on return

Your social security number



You cannot take this credit if either of the following applies.

- The amount on Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 36 is more than \$26,000 (\$39,000 if head of household; \$52,000 if married filing jointly).
- The person(s) who made the qualified contribution or elective deferral (a) was born after January 1, 1990, (b) is claimed as a dependent on someone else's 2007 tax return, or (c) was a student (see instructions).

	(a) You	(b) Your spouse
1 Traditional and Roth IRA contributions for 2007. Do not include rollover contributions	1	
2 Elective deferrals to a 401(k) or other qualified employer plan, voluntary employee contributions, and 501(c)(18)(D) plan contributions for 2007 (see instructions)	2	
3 Add lines 1 and 2	3	
4 Certain distributions received after 2004 and before the due date (including extensions) of your 2007 tax return (see instructions). If married filing jointly, include both spouses' amounts in both columns. See instructions for an exception	4	
5 Subtract line 4 from line 3. If zero or less, enter -0-	5	
6 In each column, enter the smaller of line 5 or \$2,000	6	
7 Add the amounts on line 6. If zero, stop; you cannot take this credit		7
8 Enter the amount from Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 36	8	
9 Enter the applicable decimal amount shown below:		

If line 8 is—		And your filing status is—		
Over—	But not over—	Married filing jointly	Head of household	Single, Married filing separately, or Qualifying widow(er)
—	\$15,500	.5	.5	.5
\$15,500	\$17,000	.5	.5	.2
\$17,000	\$23,250	.5	.5	.1
\$23,250	\$25,500	.5	.2	.1
\$25,500	\$26,000	.5	.1	.1
\$26,000	\$31,000	.5	.1	.0
\$31,000	\$34,000	.2	.1	.0
\$34,000	\$39,000	.1	.1	.0
\$39,000	\$52,000	.1	.0	.0
\$52,000	—	.0	.0	.0

Note: If line 9 is zero, stop; you cannot take this credit.

10 Multiply line 7 by line 9	10	
11 Enter the amount from Form 1040, line 46; Form 1040A, line 28; or Form 1040NR, line 43	11	
12 1040 filers: Enter the total of your credits from lines 47 through 52 plus the amounts, if any, from line 13 of Form 8396 and line 13 of Form 8859 1040A filers: Enter the total of your credits from lines 29 through 32. 1040NR filers: Enter the total of your credits from lines 44 through 47 plus the amounts, if any, line 13 of Form 8396 and line 13 of Form 8859.	12	
13 Subtract line 12 from line 11. If zero, stop; you cannot take this credit	13	
14 Credit for qualified retirement savings contributions. Enter the smaller of line 10 or line 13 here and on Form 1040, line 53; Form 1040A, line 33; or Form 1040NR, line 48	14	

*See Pub. 590 for the amount to enter if you are filing Form 2555, 2555-EZ, or 4563 or you are excluding income from Puerto Rico.

Unreimbursed Employee Business Expenses

▶ Attach to Form 1040 or Form 1040NR.

Your name	Occupation in which you incurred expenses	Social security number

You May Use This Form Only if All of the Following Apply.

- You are an employee deducting ordinary and necessary expenses attributable to your job. An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.
- You **do not** get reimbursed by your employer for any expenses (amounts your employer included in box 1 of your Form W-2 are not considered reimbursements for this purpose).
- If you are claiming vehicle expense, you are using the standard mileage rate for 2007.

Caution: You can use the standard mileage rate for 2007 **only if:** (a) you owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, or (b) you leased the vehicle and used the standard mileage rate for the portion of the lease period after 1997.

Part I Figure Your Expenses

1 Vehicle expense using the standard mileage rate. Complete Part II and multiply line 8a by 48.5c (.485)	1		
2 Parking fees, tolls, and transportation, including train, bus, etc., that did not involve overnight travel or commuting to and from work	2		
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment	3		
4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment	4		
5 Meals and entertainment expenses: \$ _____ × 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 75% (.75) instead of 50%. For details, see instructions.)	5		
6 Total expenses. Add lines 1 through 5. Enter here and on Schedule A (Form 1040), line 21 (or on Schedule A (Form 1040NR), line 9). (Armed Forces reservists, fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter this amount.)	6		

Part II Information on Your Vehicle. Complete this part **only** if you are claiming vehicle expense on line 1.

- 7 When did you place your vehicle in service for business use? (month, day, year) ▶ _____ / _____ / _____
- 8 Of the total number of miles you drove your vehicle during 2007, enter the number of miles you used your vehicle for:
 a Business _____ b Commuting (see instructions) _____ c Other _____
- 9 Do you (or your spouse) have another vehicle available for personal use? Yes No
- 10 Was your vehicle available for personal use during off-duty hours? Yes No
- 11a Do you have evidence to support your deduction? Yes No
 b If "Yes," is the evidence written? Yes No

Form **8888**

Direct Deposit of Refund to More Than One Account

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service

▶ See instructions below and on back.
▶ Attach to Form 1040, Form 1040A, Form 1040EZ, Form 1040NR, Form 1040NR-EZ,
Form 1040-SS, or Form 1040-PR.

2007
Attachment
Sequence No. **56**

Name(s) shown on return

Your social security number

1a Amount to be deposited in first account		1a
b Routing number	<input type="text"/>	<input type="checkbox"/> Checking <input type="checkbox"/> Savings
d Account number	<input type="text"/>	
2a Amount to be deposited in second account		2a
b Routing number	<input type="text"/>	<input type="checkbox"/> Checking <input type="checkbox"/> Savings
d Account number	<input type="text"/>	
3a Amount to be deposited in third account		3a
b Routing number	<input type="text"/>	<input type="checkbox"/> Checking <input type="checkbox"/> Savings
d Account number	<input type="text"/>	
4 Total amount to be directly deposited. Add lines 1a, 2a, and 3a. The total must equal the amount shown on Form 1040, line 74a; Form 1040A, line 44a; Form 1040EZ, line 11a; Form 1040NR, line 72a; Form 1040NR-EZ, line 23a; Form 1040-SS, line 12a; or Form 1040-PR, line 12a.		4

General Instructions

Purpose of Form

Use Form 8888 if you want us to directly deposit your tax refund to either two or three of your accounts at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union). If you file Form 8888, you cannot choose to get any part of your refund as a check. You cannot request a deposit of your refund to an account that is not in your name (such as your tax preparer's own account). An account can be a checking, savings, or other account such as an individual retirement arrangement (IRA) (see page 2 for more information on IRAs), health savings account (HSA), Archer MSA, or Coverdell education savings account (ESA). You cannot have your refund deposited into more than one account if you file Form 8379, Injured Spouse Allocation.

Note. If you want your refund deposited to only one account, do not complete this form. Instead, you can request a direct deposit of your refund on the tax return you are filing.



Do not file a Form 8888 on which you have crossed out or whited out any numbers. If you do, the IRS will reject your direct deposit and send you a check.

Why Use Direct Deposit?

- You get your refund faster by direct deposit than you do by check.
- Payment is more secure. There is no check that can get lost or stolen.
- It is more convenient. You do not have to make a trip to the bank to deposit your check.
- It saves tax dollars. It costs the government less to refund by direct deposit.



The IRS is not responsible for a lost refund if you enter the wrong account information. You should check with your financial institution to get the correct routing and account numbers and make sure your deposit will be accepted. Do not use the routing number on a deposit slip if it is different from the routing number on your checks.

Specific Instructions

If you file a joint return and you complete and attach Form 8888, you are allowing your spouse to receive the refund on your behalf. This cannot be changed later.



Some financial institutions will not allow a joint refund to be deposited to an individual account. If the direct deposit is rejected, a check will be sent instead. The IRS is not responsible if a financial institution rejects a direct deposit.

Lines 1a, 2a, and 3a

Enter the portion of your refund you want directly deposited to each account. Each deposit must be at least \$1. The amount of your refund can be found on Form 1040, line 74a; Form 1040A, line 44a; Form 1040EZ, line 11a; Form 1040NR, line 72a; Form 1040NR-EZ, line 23a; Form 1040-SS, line 12a; or Form 1040-PR, line 12a. The total of lines 1a, 2a, and 3a must equal the total amount of your refund.

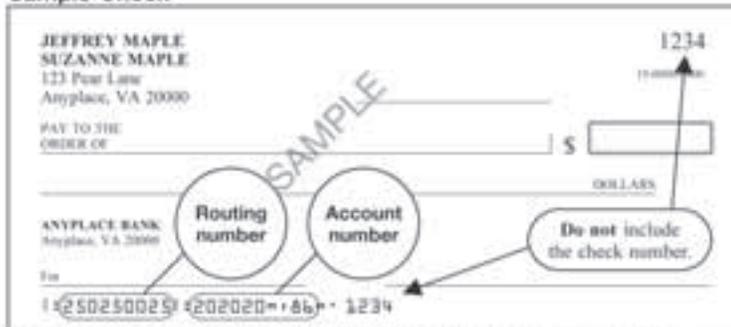
Lines 1b, 2b, and 3b

The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead. On the sample check, the routing number is 250250025. Jeffrey and Suzanne Maple would use that routing number unless their financial institution instructed them to use a different routing number for direct deposits.



Your check may state that it is payable through a financial institution different from the one at which you have your account. If so, do not use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter.

Sample Check



Note. The routing and account numbers may be in different places on your check.

For Paperwork Reduction Act Notice, see back.

Cat. No. 21858A

Form **8888** (2007)

RETEST QUESTIONS

Retest questions are based on the test scenarios. For Basic Scenarios 1 through 5, the Interview Notes are included on the following pages. For all remaining retest questions, please refer to the Interview Notes and forms provided in the test scenarios beginning on page 1-6.

Retest Answer Sheet

Name _____

Record all your answers on this tear-out page. Your Facilitator will tell you where to send your Test Answer Sheet for grading. Be sure to complete and sign the Form 13615, Volunteer Agreement.

Privacy 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.

Question	Answer
Basic Scenario 1	
1.1	
1.2	
Basic Scenario 2	
2.1	
2.2	
Basic Scenario 3	
3.1	
3.2	
Basic Scenario 4	
4.1	
4.2	
Basic Scenario 5	
5.1	
5.2	
Basic Scenario 6	
6.1	
6.2	
6.3	
6.4	
6.5	
6.6	
Basic Scenario 7	
7.1	
7.2	
7.3	
7.4	
7.5	
7.6	
Basic Scenario 8	
8.1	
8.2	
8.3	
8.4	
8.5	
8.6	
Total Answers Correct: _____	
Total Questions: 28	
Passing Score: 23 of 28	

Question	Answer
Intermediate Scenario 1	
9.1	
9.2	
9.3	
9.4	
9.5	
9.6	
9.7	
9.8	
9.9	
9.10	
9.11	
9.12	
Intermediate Scenario 2	
10.1	
10.2	
10.3	
10.4	
10.5	
10.6	
10.7	
10.8	
Total Answers Correct: _____	
Total Questions: 20	
Passing Score: 16 of 20	
Advanced Scenario 1	
Question Answer	
11.1	
11.2	
11.3	
11.4	
11.5	
11.6	
11.7	
11.8	
11.9	
11.10	
11.11	
11.12	
11.13	
11.14	
11.15	
Total Answers Correct: _____	
Total Questions: 15	
Passing Score: 12 of 15	

Question	Answer
Military Scenario 1	
12.1	
12.2	
12.3	
12.4	
12.5	
12.6	
12.7	
12.8	
12.9	
12.10	
Military Scenario 2	
13.1	
13.2	
13.3	
13.4	
13.5	
13.6	
13.7	
13.8	
Total Answers Correct: _____	
Total Questions: 18	
Passing Score: 15 of 18	
International Scenario 1	
Question Answer	
14.1	
14.2	
14.3	
14.4	
14.5	
14.6	
14.7	
International Scenario 2	
15.1	
15.2	
15.3	
15.4	
15.5	
15.6	
15.7	
15.8	
15.9	
Total Answers Correct: _____	
Total Questions: 16	
Passing Score: 13 of 16	

The first five short scenarios are designed to measure key competencies related to dependency exemptions and related tax benefits. Read each scenario carefully and use your reference tools (Publication 4012, Volunteer Resource Guide and Publication 17) to answer the questions after the scenario. The first five scenarios do not require you to prepare a tax return.

Basic Scenario 1: Fred Fulton

Interview Notes

- Fred is 17 years old, single, and a full-time student.
- Fred lived with his parents all year. He does not pay rent or household bills.
- Fred does not provide over half of his own support.
- He started working part-time in 2007 and is saving most of his money.
- In 2007, Fred worked at the local hardware store and earned \$6,500, which was his total income for the year.
- His Federal income tax withholding was \$485.
- Fred and his parents are U. S. citizens and have valid social security numbers.

Basic Scenario 1: Retest Questions

Directions

Using your resource materials and interview notes, answer the following questions.

- 1.1** Fred cannot get EITC. Why?
- a. Because he is a qualifying child of his parents.
 - b. Because he had withholding.
 - c. Because his income was too high.
 - d. Because he is working part-time.
- 1.2** Fred's total number of personal exemptions is:
- a. 0
 - b. 1
 - c. 2
 - d. Fred can choose either 0 or 1

Basic Scenario 2: Charles Brown and Helen Baxter

Interview Notes

- Since November 2005, Charles has lived with his girlfriend, Helen, and Helen's three-year old son, David.
- Charles is not David's father, but Charles worked and provided over half of the total support for both Helen and David during 2007.
- Helen stays home and takes care of David.
- Helen worked part-time briefly and earned \$4,000, but had no other income.
- Charles worked and earned \$29,000 for 2007.
- All are U.S. citizens and have valid social security numbers

Basic Scenario 2: Retest Questions

Directions

Using your resource materials and interview notes, answer the following questions.

- 2.1 Can Charles claim David as a dependent?
- a. Yes
 - b. No
- 2.2 Charles qualifies for which tax benefits?
- a. Head of Household
 - b. Earned Income Tax Credit
 - c. Child Tax Credit
 - d. None of the above

Basic Scenario 3: Justine Jackson

Interview Notes

- Justine Jackson and Michael Martin separated and divorced in 2004.
- They have one child, Lizzie, age 4.
- In 2007, Lizzie lived with Justine the entire year.
- Justine and Michael provided all of Lizzie's support.
- In 2007, Justine worked part-time and earned \$3,000. Michael worked full-time and earned \$27,000.
- Since Michael pays child support and Justine has such low income, Justine told Michael to claim Lizzie for everything on his tax return.
- The divorce decree does not state who can claim Lizzie.
- All are U.S. citizens and have valid social security numbers.

Basic Scenario 3: Retest Questions

Directions

Using your resource materials and interview notes, answer the following questions.

- 3.1** Justine provided Michael a signed Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents. Which tax benefit is Michael not allowed to claim?
- a. EITC
 - b. Dependency exemption
 - c. Child Tax Credit
 - d. None
- 3.2** Justine gave Michael a signed Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents. Can he use Lizzie as a qualifying person to claim Head of Household filing status?
- a. Yes
 - b. No

Basic Scenario 4: Becky Grant

Interview Notes

- Becky Grant and her 6-year-old daughter, Tammy, lived with Becky's grandmother, Martha, for the entire year of 2007.
- Tammy did not provide any of her own support.
- Becky and Martha provided Tammy's support.
- Becky worked as a clerk and earned \$10,000.
- Martha worked part-time and earned \$5,000 to supplement her social security.
- All are U.S. citizens and have valid social security numbers.

Basic Scenario 4: Retest Questions

Directions

Using your resource materials and interview notes, answer the following questions.

- 4.1** True or False. Only Becky can claim Tammy as a dependent.
- a. True
 - b. False
- 4.2** Does the Deductions tab in Publication 4012, Volunteer Resource Guide, contain the decision trees and interview tips for determining dependency?
- a. Yes
 - b. No

Basic Scenario 5: Joe and Bobbie Stokes

Interview Notes

- Joe and Bobbie are married and lived together with their son, Danny, age 10, all of 2007.
- Together, Joe and Bobbie earned \$32,000, which was their only income.
- Bobbie's nephew, Jason, age 9, came to live with them in October 2006. He continued to live with them the entire year of 2007.
- Joe and Bobbie provided all of Jason's support in 2007.
- Danny and Jason provided none of their own support and have no income.
- Joe, Bobbie, and Danny are all U.S. citizens and have valid social security numbers.
- Jason, the nephew, who is from Mexico, has an Individual Taxpayer Identification Number (ITIN).

Basic Scenario 5: Retest Questions

Directions

Using your resource materials and interview notes, answer the following questions.

- 5.1** True or False. Joe and Bobbie are going to file a joint return. They can claim only Danny as a dependent.
- a. True
 - b. False
- 5.2** Which of the two children qualify Joe and Bobbie for the EIC on their joint return?
- a. Danny
 - b. Jason
 - c. Both Danny and Jason
 - d. Neither Danny nor Jason

Basic Scenario 6: Retest Questions

Directions

Refer to the scenario information for Darius and Matilde Howard beginning on page 1-6.

Please complete Form 1040 through line 49 and the appropriate forms and worksheets to answer the following questions. For this scenario, use Michael's education expenses to compute the Education Credit, on Form 8863. For line 11, Form 2441 enter 0. Form 6251 does not apply for this taxpayer. (Do not consider the Tuition and Fees Deduction; it is an Intermediate topic.)

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 6.1** What is the total amount of child care expenses for Isabelle that qualify for inclusion in box 2c on Part II of Form 2441, Child and Dependent Care Expenses? \$ _____
- 6.2** What is the Child and Dependent Care Credit allowed on line 13 of Form 2441? \$ _____
- 6.3** The Howards' Education Credit on Form 8863, line 7, is:
- a. \$400
 - b. \$600
 - c. \$1,550
 - d. \$1,650
- 6.4** Using Publication 4012, Volunteer Resource Guide, under which tab would you find the sample TaxWise screen for entering the data on Form 2441, Child and Dependent Care Expenses?
- a. TaxWise Deductions
 - b. TaxWise Nonrefundable Credits
 - c. Creating Returns
 - d. Adding Forms
- 6.5** What is the Howards' standard deduction?
- a. 0
 - b. \$5,350
 - c. \$7,850
 - d. \$10,700
- 6.6** What is the Howards' total income on Form 1040, line 22? \$ _____

Basic Scenario 7: Retest Questions

Directions

Refer to the scenario information for Gladys Berry beginning on page 1-13.

Please complete Form 1040 through line 74a and the appropriate forms and worksheets to answer the following questions.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 7.1** True or False. The most advantageous filing status for Gladys is Married Filing Separately.
- a. True
 - b. False
- 7.2** Do either of Gladys' children qualify her for the Child Tax Credit?
- a. Yes
 - b. No
- 7.3** What is Gladys' total income on Form 1040, line 22?
- a. \$19,100
 - b. \$21,100
 - c. \$21,720
 - d. \$22,720
- 7.4** Gladys has several types of income. Which qualifies as earned income for computing the earned income credit?
- a. Unemployment compensation
 - b. Wages
 - c. All of Gladys' income
 - d. Gladys had no earned income.
- 7.5** What is the amount of Gladys' Earned Income Credit on Form 1040, line 66a?
- a. \$0
 - b. \$3,382
 - c. \$3,929
 - d. \$3,940
- 7.6** True or False. Gladys wants to direct deposit half of her refund into her checking account and half into her savings account. You should enter the account numbers for the split refund on Form 8812.
- a. True
 - b. False

Basic Scenario 8: Retest Questions

Directions

Refer to the scenario information for Brenda James beginning on page 1-19.

You are conducting a quality review of Brenda's tax return, which was prepared by another volunteer tax preparer. Brenda is sitting with you as you conduct the review. Using Form 13614, your resource materials, and all of the taxpayer's documents, review the tax return and answer the questions below.

- 8.1** Which of the following items was entered on Form 1040 incorrectly?
- a. Brenda's name
 - b. Brenda's social security number
 - c. Brenda's home address
 - d. All entries are correct
- 8.2** What information in the Exemption section of Form 1040 is incorrect?
- a. Paul's SSN
 - b. Emily's name and social security number
 - c. Emily's SSN
 - d. All of the above
- 8.3** Which of these items from Forms W-2 did the volunteer fail to enter on Form 1040?
- a. Advanced Earned Income Tax Credit
 - b. Federal income tax withheld
 - c. Wages, tips, other compensation
 - d. All are correct
- 8.4** Brenda qualifies for the Retirement Savings Contributions Credit. Which form should be completed?
- a. Form 8888
 - b. Form 8880
 - c. Form 8838
 - d. Form 8812
- 8.5** The correct federal income tax withholding on line 64 of Form 1040 is:
- a. \$600
 - b. \$858
 - c. \$1188
 - d. \$1458

- 8.6** What tab in Publication 4012, Volunteer Resource Guide, provides pointers for entering direct deposit information correctly on the tax return?
- a. Who Must File/Which Form
 - b. Adjustments
 - c. Deductions
 - d. Finishing the Return

Intermediate Scenario 1: Retest Questions

Directions

Refer to the scenario information for Paul Harvard beginning on page 2-1.

Using your resource materials and interview notes, complete Form 1040 through line 64, complete Schedule A, complete any other applicable worksheets and answer the following questions. You are a volunteer at site S21012222.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 9.1** Can Paul deduct the jury pay he gave to his employer as an adjustment?
- a. Yes
 - b. No
- 9.2** What is Paul's Medical and Dental expense amount on line 1 of Schedule A?
- a. \$0
 - b. \$2,130
 - c. \$2,254
 - d. \$2,665
- 9.3** What amount is on line 9 of Schedule A in the tax expenses section? \$_____
- 9.4** Paul's amount on line 15 of Schedule A, Interest You Paid is:
- a. \$3,150
 - b. \$1,011
 - c. \$2,139
 - d. \$4,161
- 9.5** What is the sum of Paul's gifts to charity, listed on line 19 of Schedule A? \$_____
- 9.6** What amount is on line 24 of Schedule A in the Job Expenses and Certain Miscellaneous Deductions section?
- a. \$580
 - b. \$673
 - c. \$745
 - d. \$1,545

- 9.7** Paul's other miscellaneous deductions on line 28 of schedule A, are:
- a. \$0
 - b. \$6,700
 - c. \$8,645
 - d. \$8,745
- 9.8** You explained to Paul that he would owe an additional tax because he cashed out his 401K. What is the percentage of the additional tax on that distribution?
- a. 1%
 - b. 5%
 - c. 10%
 - d. 50%
- 9.9** How much can Paul deduct as an adjustment to income for alimony paid on Line 31a on Form 1040?
- a. \$0
 - b. \$3,960
 - c. \$6,600
 - d. \$10,560
- 9.10** On what tab of Publication 4012, Volunteer Resource Guide, are there examples of income and excludable income for use when preparing a tax return?
- a. Credits
 - b. Deductions
 - c. Adjustments
 - d. Income
- 9.11** What is the total amount of federal income tax withholding reported on all of Paul's income reporting documents? This amount would be listed on line 64 of Form 1040. \$_____
- 9.12** How much can Paul claim on line 33 of Form 1040, Student Loan Interest Deduction?
- a. \$850
 - b. \$1,723
 - c. \$2,500
 - d. \$2,573

Intermediate Scenario 2: Retest Questions

Directions

Refer to the scenario information for George and Alberta Farmer beginning on page 2-10.

Complete Form 1040 through line 60 and the appropriate forms, schedules, or worksheets to answer the following questions. Form 6251 does not apply for this taxpayer. Therefore, enter 0 on line 14, Form 5695. You are a volunteer at site S22052222.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 10.1** George's taxable interest income on line 8a of Form 1040 is \$_____.
- 10.2** The taxable portion of social security benefits on line 20b of Form 1040 is:
- a. \$0
 - b. \$4,800
 - c. \$9,600
 - d. \$12,059
- 10.3** How should the early withdrawal penalty on Form 1099-INT be reported on the Farmers' return?
- a. It is not deductible on this year's return
 - b. Interest income should be reduced by the penalty
 - c. It can only be deducted if they itemize their deductions
 - d. It can be deducted as an adjustment to income
- 10.4** What is the amount of George's gross receipts as reported on line 1 of Schedule C-EZ, Net Profit from Business?
- a. \$506
 - b. \$2,834
 - c. \$3,400
 - d. \$4,300
- 10.5** The amount of George's total business expenses, as reported on line 2 of Schedule C-EZ, Net Profit from Business, is \$_____.
- 10.6** On what line of Form 1040 can you take the self-employment tax adjustment?
Line _____
- 10.7** If the Farmers received a state tax refund for tax year 2006 for \$120, and did not itemize their deductions for 2006, what would be the taxable amount they would report on line 10 of their 2007 form 1040? \$_____
- 10.8** What amount should the Farmers enter on Line 2h of Form 5695? \$_____

Advanced Scenario 1: Retest Questions

Directions

Refer to the scenario information for Jenna E. Duboise beginning on page 3-1.

Complete Form 1040 through line 72 and the appropriate forms, schedules, or worksheets to answer the following questions.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 11.1** True or False. Jenna's correct filing status is Qualifying Widow(er) with dependent child.
- a. True
 - b. False
- 11.2** What is the short-term capital gain or loss from line 7 of Schedule D? \$_____
- 11.3** If Jenna sold her ABC stock on 12/01/2007, would her holding period be long-term or short-term?
- a. Long-term
 - b. Short-term
- 11.4** What is the capital gain or loss entered on Form 1040, line 13?
- a. \$775
 - b. \$3,600
 - c. \$5,000
 - d. \$4,375
- 11.5** What is the holding period of the GHI stock?
- a. Long-term
 - b. Short-term
- 11.6** If Jenna sold all 500 shares of XYZ for \$6,000, what would the amount be on line 8f of Schedule D?
- a. (\$1,000)
 - b. \$1,000
 - c. \$5,000
 - d. \$6,000
- 11.7** True or False. Jenna will have a capital loss carryover to 2008.
- a. True
 - b. False

- 11.8** From the Simplified General Rule worksheet, what is the total amount recovered tax-free in 2007?
- a. \$2,369
 - b. \$1,200
 - c. \$1,796
 - d. \$2,040
- 11.9** Whose age(s) must be used to compute the taxable amount of the pension income?
- a. Jenna's
 - b. Jason's
 - c. Jenna's and Jason's
 - d. Ages are not required
- 11.10** What are the total payments on line 72 of Jenna's Form 1040? \$_____
- 11.11** If Jenna had paid \$250,000 for her home, what gain or loss would be reported on the Form 1040? \$_____
- 11.12** Which of the following is an increase to basis when figuring the adjusted basis of property?
- a. Adding a room
 - b. Replacement of all windows
 - c. Installing a new furnace
 - d. All of the above
- 11.13** What is the Additional Child Tax Credit amount reported on line 68 of Form 1040? \$_____
- 11.14** If the gross distribution on Form 1099-R (Box 1) was \$3,300, would Jenna then qualify for the Earned Income Tax Credit?
- a. Yes
 - b. No
- 11.15** If Jason had died in 2004, what would Jenna's filing status be for 2007?
- a. Single
 - b. Married Filing Jointly
 - c. Head of Household
 - d. Qualifying Widow with dependent child

Military Scenario 1: Retest Questions

Directions

Refer to the scenario information for Diana Stewart beginning on page 4-1.

Complete Form 1040 through line 46 and the appropriate forms, schedules, or worksheets to answer the following questions. You are a volunteer at site S41024444.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 12.1** What are the correct number of exemptions that can be claimed on line 6d of Form 1040?
- a. 1
 - b. 2
 - c. 3
 - d. 4
- 12.2** Their total rental real estate and royalty income or loss on line 26 of Schedule E is: \$_____
- 12.3** Diana's combat zone income exclusion from box 12a of Form W-2 should be reported on line 7 of Form 1040.
- a. Yes
 - b. No
 - c. Not applicable to return
- 12.4** If it is beneficial, excluded combat zone income may be used to compute earned income tax credit by taxpayers who meet all the other qualifications.
- a. True
 - b. False
- 12.5** What are their total adjustments to gross income on line 36 of Form 1040?
- a. \$0
 - b. \$757
 - c. \$1,995
 - d. \$2,332
- 12.6** Their deduction on line 40 of Form 1040 is: \$_____
- 12.7** The short term gain or loss on Schedule D, line 7 is: \$_____

- 12.8** Does Diana meet the ownership and use test to exclude the gain from the sale of her primary residence?
- a. Yes
 - b. No
- 12.9** Diana asks you if they qualify for Earned Income Tax Credit. You answer:
- a. Yes
 - b. No
- 12.10** Which filing status would Diana qualify for that would minimize her taxes if Henri did not have an individual tax identification number or did not elect to be treated as a resident alien? (For all other questions, Henri has an individual tax identification number.)
- a. Single
 - b. Married Filing Jointly
 - c. Married Filing Separately
 - d. Head of Household
 - e. She could file jointly, but not claim Henri's exemption

Military Scenario 2: Retest Questions

Directions

Refer to the scenario information for Peter and Beth Anderson beginning on page 4-10.

Using your resource materials, answer the following questions about the tax return prepared for the Andersons. Form 6251 does not apply to this taxpayer. Therefore, enter 0 on line 16, Form 8863. You are at site S41024444.

Note: To complete social security numbers and employer identification numbers, replace Xs with 286560 or with the EFIN provided by your instructor.

- 13.1** Are the wages, salaries, tips, etc. listed on line 7 of Form 1040 correct?
- a. Yes
 - b. No
- 13.2** Are all the names listed correctly?
- a. Yes
 - b. No
- 13.3** Is the deduction on line 40 of Form 1040 correct?
- a. Yes
 - b. No
- 13.4** Is the sum of expenses on line 19 of Schedule E correct?
- a. Yes
 - b. No
 - c. Not applicable for this return
- 13.5** The correct total rental real estate and royalty income or loss on line 26 of Schedule E is: \$_____
- 13.6** The correct Child Tax Credit on Line 52 of Form 1040 is: \$_____
- 13.7** What is the correct education credit amount on line 19 of Form 8863, Education Credits? \$_____
- 13.8** Is the information for site designation on Form 1040 correct?
- a. Yes
 - b. No
 - c. Not applicable for this return

International Scenario 1: Retest Questions

Directions

Refer to the scenario information for Jason and Ella Barnes beginning on page 5-1.

Complete Form 1040 through line 57 and the appropriate forms, schedules, or worksheets to answer the following questions. You are a volunteer at site number S51015555. If using Form 1116, Lines 3f and 18 must be carried to four decimal places.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 14.1** The wages, salaries, tips, etc. reported on line 7 of Form 1040 are: \$_____
- 14.2** What is the Barnes' net short-term capital gain or loss on line 7 of Schedule D?
- a. \$0
 - b. \$1,750
 - c. \$5,380
 - d. \$7,130
- 14.3** The Barnes' net long-term capital gain or loss on line 15 of Schedule D is: \$_____
- 14.4** The correct amount on Line 21 of Form 1040 is:
- a. \$0
 - b. (\$37,500)
 - c. \$37,500
- 14.5** What is the correct bona fide residence ending date on line 1b of Form 2555-EZ?
- a. 12/31/2007
 - b. Open
 - c. 06/23/2003
 - d. Continues
- 14.6** The entry on Form 1040, Line 44 is: \$_____
- 14.7** What is the Barnes' foreign tax credit on line 51 of Form 1040?
- a. \$117
 - b. \$159
 - c. \$429
 - d. \$2,119

International Scenario 2: Retest Questions

Directions

Refer to the scenario information for Douglas and Claire Richards beginning on page 5-7.

You are reviewing a return prepared by a volunteer at site S52015555. Based on that return, answer the following questions.

Note: To complete social security numbers and employer identification numbers, replace Xs with the EFIN provided by your instructor.

- 15.1** The correct amount of wages, salaries, tips, etc. on line 7 of Form 1040 are \$_____.
- 15.2** Is the taxable interest on line 8a of Form 1040 filled in correctly?
- Yes
 - No
 - Not applicable
- 15.3** The correct business income or loss on line 12 of Form 1040 is \$_____.
- 15.4** What is the correct taxable amount of the Richards' pensions and annuities on line 16b of Form 1040?
- \$0
 - \$64,605
 - \$67,487
 - \$75,000
- 15.5** The correct amount of other income on line 21 of Form 1040 is \$_____.
- 15.6** What is the correct total rental real estate and royalty income or loss on line 26 of Schedule E?
- (\$960)
 - \$1,820
 - \$2,920
 - \$4,020
- 15.7** Is the entry on line 58 of Form 1040 correct?
- Yes
 - No
 - Not applicable
- 15.8** The correct foreign tax credit on line 51 of Form 1040 is \$_____.

(Continues on next page.)

- 15.9** Is the Site Identification information filled in correctly in the paid preparer's use only section on Form 1040?
- a. Yes
 - b. No
 - c. Not applicable

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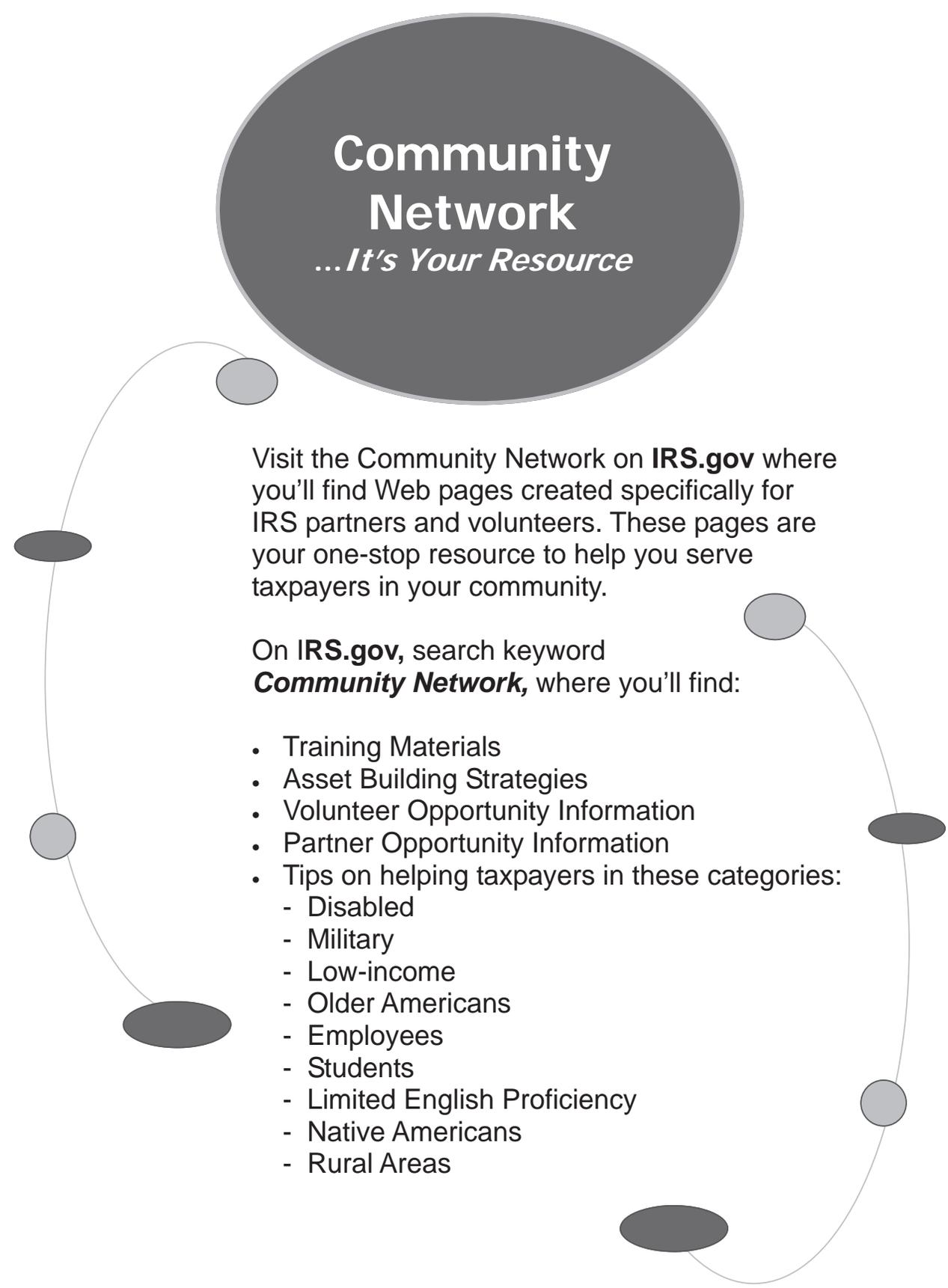


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