

Advanced Course Retest Questions

Directions

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

Advanced Scenario 1: Chris Spalding

Interview Notes

- Chris's husband, George, moved out of their home in February of 2022. She had no contact with him since he moved out. Chris and George are not legally separated.
- Chris has one child, Mary, age 9. She will claim Mary as a dependent on her 2022 tax return. Chris is 31 years old.
- Chris earned \$36,200 in wages and received \$50 of interest. Chris was out of work for a month and received unemployment income of \$1,800.
- Chris paid all the costs of keeping up her home. She provided over half of the support for Mary.
- They all are U.S. citizens and have valid social security numbers. They lived in the U.S. all year.

Advanced Scenario 1: Retest Questions

1. Chris's most beneficial allowable filing status is Single.
 - a. True
 - b. False
2. Mary is a qualifying child for the earned income credit.
 - a. True
 - b. False
3. All of Chris's unemployment compensation is taxable.
 - a. True
 - b. False

Advanced Scenario 2: Adam and Lisa Garcia

Interview Notes

- Adam and Lisa are married and want to file a joint return.
- Adam is a U.S. citizen and has a valid Social Security number. Lisa is a resident alien and has an ITIN. They resided in the United States all year with their children.
- Adam and Lisa have two children, Maria, age 11, and Luis, age 17. Maria and Luis are U.S. citizens and have valid Social Security numbers.
- Adam earned \$22,000 in wages.
- Lisa earned \$20,000 in wages.
- In order to work, the Garcias paid \$2,000 to their son Luis to care for Maria after school.
- Adam and Lisa provided all of the support for their two children.

Advanced Scenario 2: Retest Questions

4. The maximum amount Adam and Lisa are eligible to claim for the Child Tax Credit is \$4,000.
 - a. True
 - b. False

5. Payments made to Luis can be claimed on Form 2441 as child and dependent care expenses.
 - a. True
 - b. False

Advanced Scenario 3: Jenny Smith

Interview Notes

- Jenny Smith, age 57, is single.
- Jenny earned wages of \$52,000 and was enrolled the entire year in a high deductible health plan (HDHP) with self-only coverage.
- During the year, Jenny contributed \$2,000 to her Health Savings Account (HSA) and her mother also contributed \$1,000 to Jenny's HSA account.
- Jenny's Form W-2 shows \$650 in Box 12 with code W. She has Form 5498-SA showing \$3,650 in Box 2.
- Jenny took a distribution from her HSA to pay her unreimbursed expenses:
 - 8 visits to a physical therapist after her knee surgery \$400
 - unreimbursed doctor bills for \$900
 - prescription medicine \$200
 - replacement of a crown \$1,500
 - over the counter medication \$40
 - gym membership \$240
- Jenny is a U.S. citizen with a valid Social Security number.

Advanced Scenario 3: Retest Questions

6. Jenny can include her mother's contribution on Form 8889, Part 1.
 - a. True
 - b. False
7. Jenny is eligible to contribute an additional \$_____ to her HSA because she is age 55 or older.
8. The gym membership is a qualified medical expense for HSA purposes.
 - a. True
 - b. False

Advanced Scenario 4: Alice Adams

Interview Notes

- Alice, age 58, is single. She owns her home and provided all the costs of keeping up her home for the entire year. Her only income for 2022 was \$46,000 in W-2 wages.
- Linda, age 24, and her daughter Nancy, age 4, moved in with Linda's mother, Alice, after she separated from her spouse in April of 2020. Linda's only income for 2022 was \$25,000 in wages. Linda provided over half of her own support. Nancy did not provide more than half of her own support.
- Linda will not file a joint return with her spouse.
- All individuals in the household are U.S. citizens with valid Social Security numbers. No one has a disability. They lived in the United States all year.

Advanced Scenario 4: Retest Questions

9. Linda is the only person that qualifies to claim Nancy as a dependent.
 - a. True
 - b. False
10. Which of the following statements is true?
 - a. Linda is **not** eligible to claim Nancy for the EIC because her filing status is married filing separate.
 - b. Linda is **not** eligible to claim the EIC for Nancy because she is under age 25.
 - c. Linda is **not** eligible to claim Nancy for the EIC because her income is too high.
 - d. None of the above statements are true.

Advanced Scenario 5: Ellen Black

Interview Notes

- Ellen is 48 years old and files as single.
- Her 2022 adjusted gross income (AGI) is \$51,000, which includes gambling winnings of \$2,000.
- Ellen would like to itemize her deductions this year.
- Ellen brings documents for the following expenses:
 - \$9,000 Hospital and doctor bills
 - \$500 Contributions to Health Savings Account (HSA)
 - \$3,600 State withholding (higher than Ellen's calculated state sales tax deduction)
 - \$300 Personal property taxes based on the value of the vehicle
 - \$400 Friend's personal GoFundMe campaign
 - \$275 Cash contributions to the Red Cross
 - \$200 Fair market value of clothing in good condition donated to the Salvation Army (Ellen purchased clothing for \$900)
 - \$7,300 Mortgage interest
 - \$2,300 Real estate tax
 - \$150 Homeowners association fees
 - \$3,000 Gambling losses

Advanced Scenario 5: Retest Questions

11. If Ellen chooses to itemize, which of the following is she eligible to claim as a deduction on Schedule A?
 - a. \$400 GoFundMe donation
 - b. \$500 Contributions to Health Savings Account (HSA)
 - c. \$150 Homeowner's Association fees
 - d. \$300 Personal property taxes based on the value of her vehicle

12. Ellen is eligible to claim \$3,000 in gambling losses as a deduction on her Schedule A.
 - a. True
 - b. False

Advanced Scenario 6: John Ward

Interview Notes

- John Ward is 26 years old and single. He provides all of his own support.
- John works at a grocery store and earned \$15,250 in wages.
- John was not a full time student, but took two management courses at a community college to improve his job skills. He wants to know if that qualifies for any tax benefit.
- John is a U.S. citizen and lived in the U.S. for the entire year. He has a valid Social Security number.

Advanced Scenario 6: Retest Questions

13. Which of the following is a requirement for John to claim the lifetime learning credit in 2022?
 - a. John must be at least a half-time student.
 - b. John must be a degree candidate at an eligible educational institution.
 - c. John's modified adjusted gross income (MAGI) must be less than \$90,000.
 - d. John must have no felony drug convictions.
14. John is eligible to claim the earned income credit on his 2022 tax return.
 - a. True
 - b. False

Advanced Scenario 7: Robert and Emily Lincoln

Directions

Refer to the scenario information for Robert and Emily Lincoln, beginning on page 74.

Advanced Scenario 7: Retest Questions

15. The taxable portion of Emily's pension from Maple Enterprises using the simplified method is \$19,350.
 - a. True
 - b. False

16. The taxable amount of Emily's social security income is:
 - a. \$21,203
 - b. \$18,023
 - c. \$17,062
 - d. \$0

17. The total amount of other income reported on the Lincoln's Form 1040, Schedule 1 is \$850.
 - a. True
 - b. False

18. What is the amount Robert is eligible to claim as qualified educator expenses on Form 1040, Schedule 1?
 - a. \$0
 - b. \$250
 - c. \$300
 - d. \$733

19. The Lincoln's standard deduction on their Form 1040 for tax year 2022 is \$25,900.
 - a. True
 - b. False

20. Which of the following expenses qualify for the American opportunity credit?
 - a. Required course related books and equipment
 - b. Tuition
 - c. Parking pass
 - d. Both a and b

21. The Lincolns can claim the credit for other dependents for their daughter Safari.
- a. True
 - b. False
22. How much federal income tax withholding is reported on the Lincolns' Form 1040?
- a. \$1,935
 - b. \$3,000
 - c. \$4,935
 - d. \$7,035

Advanced Scenario 8: Joanne Oak

Directions

Refer to the scenario information for Joanne Oak, beginning on page 83.

Advanced Scenario 8: Retest Questions

23. Joanne's net long-term capital gain reported on Schedule D is \$_____.
24. Joanne **cannot** claim the \$150 for illegal parking tickets as a business expense on Schedule C.
- a. True
 - b. False
25. What is the amount Joanne can take as a student loan interest deduction on her Form 1040, Schedule 1?
- a. \$3,250
 - b. \$2,500
 - c. \$750
 - d. \$0
26. How many miles can Joanne use to calculate her standard mileage deduction?

27. Joanne meets the qualifications to claim the Lifetime Learning Credit.
- a. True
 - b. False
28. What is Joanne's additional 10% tax on the early withdrawal from her IRA?
- a. \$0
 - b. \$10
 - c. \$240
 - d. \$250
29. Joanne can make estimated tax payments to avoid owing tax next year.
- a. True
 - b. False

Advanced Scenario 9: Thomas Polk

Directions

Refer to the scenario information for Thomas Polk, beginning on page 95.

Advanced Scenario 9: Retest Questions

30. Thomas is eligible to claim the Qualifying Widower filing status.
- a. True
 - b. False
31. What is Thomas's adjusted gross income on his Form 1040?
- a. \$41,130
 - b. \$41,104
 - c. \$41,000
 - d. \$21,704
32. Thomas is eligible to claim the credit for other dependents in 2022.
- a. True
 - b. False
33. Thomas qualifies to claim a retirement savings contribution credit.
- a. True
 - b. False
34. What is the total amount of advanced payment of premium tax credit that Thomas received in 2022?
- a. \$7,224
 - b. \$5,352
 - c. \$4,656
 - d. \$388
35. Thomas's child and dependent care credit is refundable in 2022.
- a. True
 - b. False