



# 6744

## VITA/TCE Volunteer Assistor's Test/Retest

Volunteer Income Tax Assistance (VITA) / Tax Counseling for the Elderly (TCE)

**2012 TEST**



Take your VITA/TCE training online at [www.irs.gov](http://www.irs.gov) (keyword: Link & Learn Taxes). Link to the Practice Lab to gain experience using tax software and take the certification test online, with immediate scoring and feedback.

### How to Get Technical Updates?

Updates to the volunteer training materials will be contained in Publication 4491X, VITA/TCE Training Supplement. To access this publication, in the upper right hand corner of [www.irs.gov](http://www.irs.gov), type in "Pub 4491X" in the search field.

During the tax season Volunteer Tax Alerts will be issued periodically. Type "volunteer alerts", in the search field to access all tax alerts.



### Volunteer Standards of Conduct

#### VITA/TCE Programs

The mission of the VITA/TCE return preparation programs is to assist eligible taxpayers in satisfying their tax responsibilities by providing free tax return preparation. To establish the greatest degree of public trust, volunteers are required to maintain the highest standards of ethical conduct and provide quality service.

All VITA/TCE volunteers must complete the Volunteer Standards of Conduct Training and sign Form 13615, Volunteer Standards of Conduct Agreement prior to working at a VITA/TCE site. In addition, return preparers, quality reviewers, and VITA/TCE tax law instructors must certify in tax law prior to signing this form. This form is not valid until the site coordinator, sponsoring partner, instructor, or IRS contact confirms the volunteer's identity and signs the form.

As a volunteer participant in the VITA/TCE Programs, I will:

- 1) Follow the Quality Site Requirements (QSR).
- 2) Not accept payment or solicit donations for federal or state tax return preparation.
- 3) Not solicit business from taxpayers I assist or use the knowledge I gained (their information) about them for any direct or indirect personal benefit for me or any other specific individual.
- 4) Not knowingly prepare false returns.
- 5) Not engage in criminal, infamous, dishonest, notoriously disgraceful conduct, or any other conduct deemed to have a negative effect on the VITA/TCE Programs.
- 6) Treat all taxpayers in a professional, courteous, and respectful manner.

Failure to comply with these standards could result in, but is not limited to, the following:

- Removal from the VITA/TCE Programs and inclusion on volunteer registry;
- Deactivation of your Partner's VITA/TCE EFIN (electronic ID number);
- Removal of all IRS products, supplies, loaned equipment, and taxpayer information;
- Termination of the sponsoring organizations partnership with IRS;
- Termination of sponsoring organization grant funds; and
- Subjection to criminal investigations.

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### Confidentiality Statement:

**All tax information you receive from taxpayers in your VOLUNTEER capacity is strictly confidential and should not, under any circumstances, be disclosed to unauthorized individuals.**



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**Preface**

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**Quality Return Process**

The IRS has an ongoing initiative to improve and enhance the quality of returns prepared at VITA/TCE sites. The Volunteer Return Preparation Program – Quality Improvement Process continues to focus 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/Interview & Quality Review 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 learned how to properly verify and use the information provided by the taxpayer on the intake and interview sheet in order to prepare a correct tax return.

You also learned how to use your reference materials and conduct a quality review.

Now comes the time to test the knowledge and skills you have acquired and apply them to specific scenarios. This is the final step to help you prepare 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 located on Link & Learn Taxes at [www.irs.gov](http://www.irs.gov) or e-mail your comments to [partner@irs.gov](mailto:partner@irs.gov).

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



## Test Instructions

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### Special Accommodations

If you require special accommodations to complete the test, please advise your instructor immediately.

### Reference Materials

Use **2011** 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 as directed in the specific instructions on the form.

This is an open book test. You may use your course book and any other reference material you will use as a volunteer. The revised Form 13614-C, Intake/Interview & Quality Review Sheet, is included in each return preparation scenario. Use this form to help you complete the tax returns and answer the test questions.

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.

### Using Software

The Practice Lab is tax year 2011 tax preparation software developed as a tool to help in the certification process for VITA/TCE volunteers. Go to [www.irs.gov](http://www.irs.gov) and type “Link & Learn Taxes” in the keyword search field. Go to a specific course level and click the “start course” link to display the course menu. Click on the Practice Lab icon to the right of the page. A universal password will be needed to access the Practice Lab. Your instructor or Site Coordinator will be able to provide you with the universal password. Once you access the Practice Lab you will need to create a unique UserID. **IMPORTANT: You will need to create a UserID again this year, even if you used the Practice Lab last year.**

Only the 2011 version of the software will generate the correct answers for the 2011 test. All taxpayer names, social security numbers, employer identification numbers, and 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. If you are using the Link & Learn Taxes Practice Lab replace the X's in the SSNs and EINs with your unique User ID. Use your city, state, and ZIP code when completing any of the forms, unless otherwise indicated.

### Test Answer Sheet

If you are completing the paper 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 Standards of Conduct 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. **If you are using Link & Learn Taxes to grade your test, do not use the test answer sheet.**

## Test Score

You will be advised of your test results. Your Volunteer Standards of Conduct 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 instructor or Training/Site Coordinator. After the discussion, you may choose to take a certification retest. The retest questions are included in this test booklet after the International test.

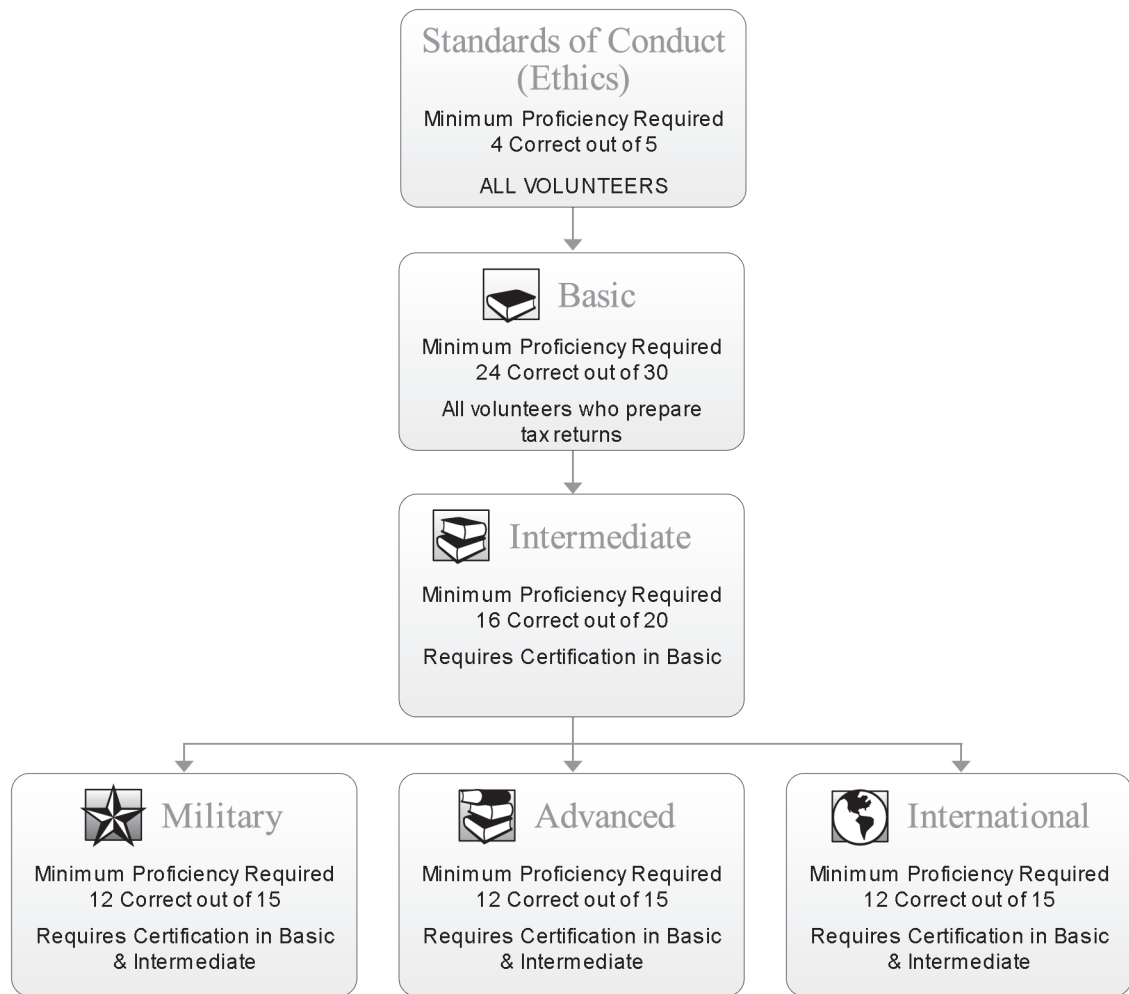
## VITA/TCE Courses

There are several training options. Each course is summarized below.

- **Standards of Conduct (Ethics):** This year, all volunteers are required to take the Standards of Conduct (Ethics) training and test. This includes volunteers who do not complete tax returns.
- **Basic:** This course covers the completion of wage earner type returns.
- **Intermediate:** This course requires that you have already certified at the Basic level. It covers completion of returns from wage earners, those who receive pension income, and more complex Forms 1040. Itemized deductions and Schedule C-EZ/ Schedule C (with limits) are included in this course.
- **Advanced:** This course requires that you have already certified at the Basic and Intermediate levels. Capital gains and losses and more complex pension issues are included in this course.
- **Military:** This course covers the full scope of returns presented by members of the domestic Armed Forces, Reserve and National Guard, including combat zone and rental issues. This course requires that you have already certified at the Basic and Intermediate levels. Military representatives or instructors going overseas to provide assistance or teach must be certified in **both** Military and International courses.
- **International:** This course covers the completion of returns for taxpayers living outside the United States. This course requires that you have already certified at the Basic and Intermediate levels. This course includes topics of Foreign Earned Income Exclusion and Foreign Tax Credit.
- **Health Savings Accounts:** This optional course requires that you have already certified at the Basic and Intermediate levels. It is available online at Link & Learn Taxes.
- **Cancellation of Debt:** This optional course requires that you have already certified at the Advanced, Military, or International levels. It is available online at Link & Learn Taxes.

**All volunteers who prepare tax returns must complete the Basic course.**

Volunteers can only prepare returns for the level for which they have been certified. Quality Reviewers and instructors must be certified, at a minimum, at the Intermediate level or higher (based on the complexity of the return).

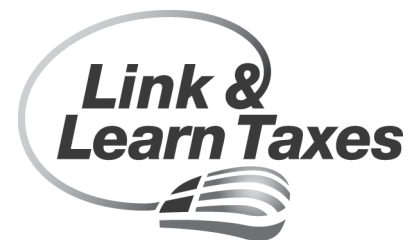


### Certification in Link & Learn Taxes

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](http://www.irs.gov), using keyword search: Link & Learn.



**CAUTION: The test scenarios on Link & Learn Taxes are the same as this booklet. However, questions in the online test can be from either the test or the retest. You must read each question carefully before entering your answers online. Transferring answers directly from the paper answer sheet to the online test in Link & Learn Taxes will result in missed questions.**

# Test Answer Sheet

Name \_\_\_\_\_

Record all your answers on this tear-out page.  
Your instructor will tell you where to send your Test Answer Sheet for grading. Be sure to complete and sign Form 13615, Volunteer Standards of Conduct 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
<b>Standards of Conduct</b>	
1.	
2.	
3.	
4.	
5.	
Total Answers Correct: _____	
Total Questions: 5	
<b>Passing Score: 4 of 5</b>	

Question	Answer
<b>Basic Scenario 1</b>	
1.	
2.	
<b>Basic Scenario 2</b>	
3.	
4.	
<b>Basic Scenario 3</b>	
5.	
6.	
<b>Basic Scenario 4</b>	
7.	
8.	
<b>Basic Scenario 5</b>	
9.	
10.	
<b>Basic Scenario 6</b>	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
<b>Basic Scenario 7</b>	
18.	
19.	
20.	
21.	
22.	
23.	
24.	
<b>Basic Scenario 8</b>	
25.	
26.	
27.	
28.	
29.	
30.	
Total Answers Correct: _____	
Total Questions: 30	
<b>Passing Score: 24 of 30</b>	

Question	Answer
<b>Intermediate Scenario 1</b>	
1.	
2.	
<b>Intermediate Scenario 2</b>	
3.	
4.	
<b>Intermediate Scenario 3</b>	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
<b>Intermediate Scenario 4</b>	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
Total Answers Correct: _____	
Total Questions: 20	
<b>Passing Score: 16 of 20</b>	
<b>Advanced Scenario 1</b>	
1.	
2.	
3.	
<b>Advanced Scenario 2</b>	
4.	
5.	
<b>Advanced Scenario 3</b>	
6.	
7.	
8.	
<b>Advanced Scenario 4</b>	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
Total Answers Correct: _____	
Total Questions: 15	
<b>Passing Score: 12 of 15</b>	

Question	Answer
<b>Military Scenario 1</b>	
1.	
2.	
<b>Military Scenario 2</b>	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
<b>Military Scenario 3</b>	
10.	
11.	
12.	
13.	
14.	
15.	
Total Answers Correct: _____	
Total Questions: 15	
<b>Passing Score: 12 of 15</b>	
<b>International Scenario 1</b>	
1.	
2.	
3.	
4.	
<b>International Scenario 2</b>	
5.	
6.	
<b>International Scenario 3</b>	
7.	
8.	
<b>International Scenario 4</b>	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
Total Answers Correct: _____	
Total Questions: 15	
<b>Passing Score: 12 of 15</b>	



# Volunteer Standards of Conduct (Ethics) Training

## Introduction

The integrity of the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) Programs depends on maintaining public trust. All taxpayers using VITA/TCE services should be confident they are receiving accurate return preparation and quality service.

All volunteers are responsible for providing the highest quality and best service to taxpayers. Along with this responsibility, all volunteers must sign Form 13615, Volunteer Standards of Conduct Agreement each year, stating they will comply with the program requirements and uphold the highest ethical standards.

Furthermore, all IRS Stakeholder Partnerships, Education and Communication (IRS-SPEC) agency partners must sign Form 13533, Sponsor Agreement, certifying they will adhere to the strictest standards of ethical conduct. Form 13533 is valid for one year after the signature date.

All volunteers must complete Volunteer Standards of Conduct (VSC) Training. This training will contain the following information:

- Understanding the six Volunteer Standards of Conduct defined in Form 13615
- Applying tax law ethically and accurately
- Reporting possible violations
- Consequences of failure to adhere to the program requirements
- Examples of situations that raise questions on ethical behavior

### Why are we doing this?

During a recent filing season, the Treasury Inspector General for Tax Administration (TIGTA) and IRS-SPEC partners uncovered unacceptable practices at a few VITA/TCE sites. In response to these issues, IRS-SPEC enhanced the Volunteer Standards of Conduct. The intent is to provide guidance and a structure for regulating VITA/TCE volunteers and to protect taxpayers.

When unscrupulous volunteers intentionally ignore the law, it compromises the integrity of the VITA/TCE Programs and the public's trust. Unfortunately, due to the actions of a few, the VITA/TCE Programs' integrity and trust have been tested. In these cases, IRS-SPEC can and does take appropriate actions against the partners and volunteers involved.

### Objectives

At the end of this lesson, using your reference materials, you will be able to:

- List the six Volunteer Standards of Conduct
- Describe unethical behavior
- Identify consequences for failing to comply with the standards
- Explain how volunteers are protected



IRS-SPEC is ultimately responsible for oversight of the VITA/TCE Programs. The agency often receives complaints from taxpayers, partners, and congressional members when assessment notices are issued. IRS-SPEC researches and responds to all inquiries, but ultimately it is the partner's/sponsor's responsibility to take corrective actions.

### What do I need?

- Intake and Interview Sheet
- Form 13615, Volunteer Standards of Conduct Agreement
- Publication 1084, Site Coordinator Handbook
- Publication 4299, Privacy, Confidentiality, and Standards of Conduct – A Public Trust

## Unethical Defined

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IRS-SPEC defines unethical as not conforming to agreed standards of moral conduct, especially within a particular profession. In most cases, unethical behavior is acted upon with the intent to disregard the established laws, procedures, or set policies.

Do not confuse an unethical action with a lack of knowledge or a simple mistake.

### example

If volunteer Mary prepares a return, which includes a credit the taxpayer does not qualify for because Mary did not understand the law, Mary did not act unethically. However, if Mary knowingly allowed a credit for which the taxpayer did not qualify, Mary committed an unethical act and violated the Volunteer Standards of Conduct.

## Volunteer Standards of Conduct (VSC)

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All volunteers face ethical issues, which often arise in unexpected situations that require quick decisions and good judgment. In many cases, a preparer will react to unusual situations and realize later that it was, in fact, an ethical dilemma.

The Volunteer Standards of Conduct were developed specifically for free tax preparation operations. Form 13615, Volunteer Standards of Conduct Agreement, applies to all conduct and ethical behavior affecting the VITA/TCE Programs.

Volunteers must agree to the following standards of conduct prior to working in a VITA/TCE free return preparation site. **As a participant in the VITA/TCE Programs:**

### 1. I will follow the Quality Site Requirements (QSR).

All taxpayers using the services offered through the VITA/TCE Programs should be confident they are receiving accurate return preparation and quality service. The purpose of QSR is to ensure VITA/TCE sites are using consistent site operating procedures that will ultimately assist with the accuracy of volunteer prepared returns. The ten QSR are:

#### **QSR#1, Certification**

All volunteers must complete the VSC Training course and complete Form 13615, Volunteer Standards of Conduct Agreement – VITA/TCE Programs, prior to working at a VITA/TCE site.

Volunteers who answer tax law questions, instruct (teach) tax law classes, prepare or correct tax returns, and/or conduct quality reviews of completed tax returns must be certified. At a minimum, all VITA/TCE instructors and site Quality Reviewers must be certified at the intermediate level or higher (based on the complexity of the return). All Site Coordinators must be certified by taking Site Coordinators' training. Site Coordinators must verify the identity of every volunteer, secure a copy or original signed Form 13615, and verify certification when the volunteer reports to their site. In the Partner Use Only section, Site Coordinators/sponsors/partners must sign "Certification verified by."

#### **QSR#2, Intake/Interview Process**

All sites must use Form 13614-C, Intake/Interview & Quality Review Sheet for every return prepared.



**Tax Software Hint:** The electronic Form 13614-C, available through the TaxWise software interview module, may be used in lieu of the paper Form 13614-C.

**QSR#3, Quality Review Process**

All returns must be quality reviewed and discussed with the taxpayer prior to the taxpayer leaving the site. All sites must complete Form 13614-C, Section C after completing the quality review process.

**QSR#4, Reference Materials**

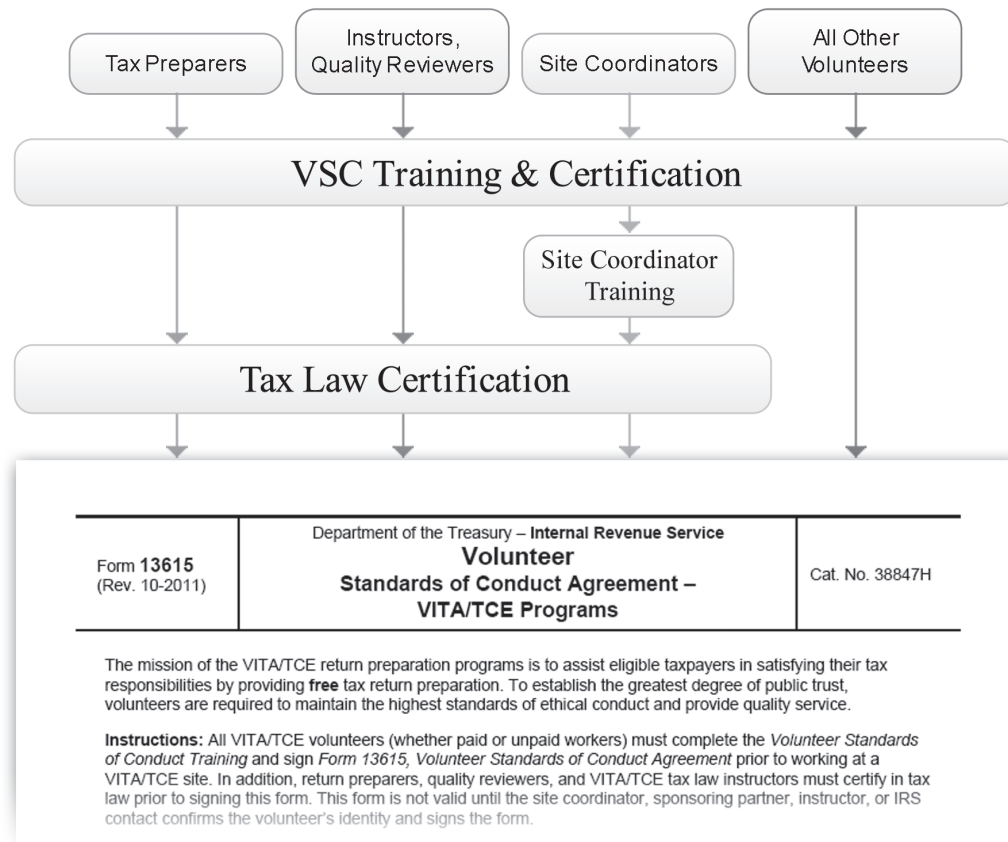
All sites must have one copy of the following reference materials available for use by volunteer return preparers and Quality Reviewers:

Publication 4012, Volunteer Resource Guide

Publication 17, Your Federal Income Tax for Individuals

**QSR#5, Volunteer Agreement**

All volunteers (preparers, Quality Reviewers, greeters, etc.) must complete the VSC Training and certify to their adherence by signing Form 13615 prior to working at a site.



**QSR#6, Timely Filing**

All sites must have a process in place to ensure every return is electronically filed or delivered to the taxpayer in a timely manner.



## **QSR#7, Title VI**

Title VI of the Civil Rights Act of 1964 information must be displayed or provided to taxpayers at designated sites.

## **QSR#8, Site Identification Number**

It is critical that the correct Site Identification Number (SIDN) must be included on **all** returns prepared by VITA/TCE sites.

## **QSR#9, Electronic Filing Identification Number**

The correct Electronic Filing Identification Number (EFIN) must be used on **all** returns prepared.

## **QSR#10, Security, Privacy and Confidentiality**

All guidelines discussed in Publication 4299, Privacy, Confidentiality, and Standards of Conduct – A Public Trust, must be followed

### **2. I will not accept payment or solicit donations for federal or state tax return preparation.**

“Free” means we do not accept compensation for our services. Therefore, we do not want to confuse the taxpayer by asking for donations. A client may offer payment, but always refuse with a smile and say something like, “Thank you, but we cannot accept payment for our services.” If someone insists, recommend cookies or donuts for the site. Taxpayers can make cash donations but not at the tax site. Refer taxpayers who are interested in making cash donations to the appropriate website or to the Site Coordinator for more information.

#### example

You finish a time-consuming return and the client is very grateful. On her way out, the client stops by and tries to sneak a \$20 bill in your pocket, saying, “I would have paid ten times that at the preparer across the street.” Return the money and invite the client to send the donation to the Center’s downtown office or via a website.

### **3. I will not solicit business from taxpayers I assist or use the knowledge I gained about them (their information) for any direct or indirect personal benefit for me or any other specific individual.**

You must properly use and safeguard taxpayers’ personal information. Furthermore, you may not use confidential or nonpublic information to engage in financial transactions, and you cannot allow its improper use to further your own or another person’s private interests.

#### example

You are a volunteer preparer and an accountant. You cannot solicit business from the taxpayer.

#### example

You are the site’s greeter. Your daughter asks you to take candy orders at the site for her school fundraiser. You explain to her that as a VITA/TCE volunteer you cannot solicit personal business.



For additional information on Quality Site Requirements, refer to Publication 1084, Site Coordinator Handbook, or search “Strengthening the Volunteer Programs” on [www.irs.gov](http://www.irs.gov).

You must keep taxpayer and tax return information confidential. You may discuss information with other volunteers at the site, but only for purposes of preparing the return. You must not use taxpayer information for your personal or business use.

**example**

Your primary business includes selling health insurance policies. While preparing a tax return, you notice the taxpayer is self-employed. You ask if the taxpayer has health insurance to determine eligibility for health insurance deductions. You cannot offer to sell the taxpayer health insurance through your business.

**Securing consent**

There will be some instances when taxpayers will allow their personal information to be used other than for return preparation. Under Internal Revenue Code § 7216, all volunteer sites using or disclosing taxpayer data for purposes other than current, prior, or subsequent year tax return preparation must secure two consents from the taxpayer: consent to use the data and consent to disclose the data.

**Exceptions to required consents**

Volunteer sites using or disclosing the total number of returns (refunds or credits) prepared for their taxpayers (aggregate data) to use for fundraising, marketing, and publicity are not required to secure the taxpayers' consent. This information cannot include any personally identifiable information, such as the taxpayer's name, SSN/ITIN, address or other personal information, and does not disclose cells containing data from fewer than ten tax returns.

This exception does not apply to the use or disclosure in marketing or advertising of statistical compilations containing or reflecting dollar amounts of refunds, credits, or rebates, or percentages relating thereto.

<b>Taxpayer Data Usage</b>	<b>Are Consents Required?</b>	<b>Number of Consents</b>	<b>Type of Consents</b>
Using or disclosing taxpayer data to prepare current, prior or subsequent year tax returns.	No	None	None
Using or disclosing taxpayer data for purposes other than preparing current, prior, or subsequent year tax return.	Yes	2	1. Consent explaining how the data will be used. 2. Consent explaining how the data will be disclosed.
<b>Exception:</b> Reporting the <b>number</b> of returns (or types of returns such as EITC, CTC, etc.) prepared for fundraising, marketing, publicity, or other uses related to the volunteer site's tax return preparation business.	No	None	None
Reporting any data containing return <b>dollar amounts</b> for marketing or advertising or any other non-fundraising activities.	Yes	2	1. Consent explaining how the data will be used. 2. Consent explaining how the data will be disclosed.
Reporting any data containing return dollar amounts for fundraising activities.	No	None	None

#### 4. I will not knowingly prepare false returns.

Trust in the IRS and the local sponsoring organization is jeopardized when ethical standards are not followed. Fraudulent returns can result in many years of taxpayer interaction with the IRS. The taxpayer may be required to pay additional tax plus interest and penalties, which can result in an extreme burden. In addition, the taxpayer may look to state or local law to seek money from the SPEC partner for the volunteer's fraudulent actions. Even so, the IRS would still seek payment of the additional taxes, interest, and penalties from the taxpayer.

##### example

A volunteer preparer told the taxpayer that cash income does not need to be reported. The return was completed without the cash income. The Quality Reviewer simply missed this omission and the return was printed, signed, and e-filed. The volunteer has violated this standard.

However, since the Quality Reviewer did not knowingly allow this return to be e-filed incorrectly, the Quality Reviewer did not violate this standard. Remember not to confuse an unethical action with a lack of knowledge or a simple mistake.

##### example

A volunteer prepares a fraudulent return by knowingly claiming an ineligible dependent. The taxpayer received a notice from IRS disallowing the dependent and assessing additional taxes, interest, and penalties. The taxpayer may seek money from the SPEC partner, but must still pay the IRS the additional taxes, interest, and penalties.

#### ***Hardship on the taxpayer***

For a low-income taxpayer, it could be impossible to make full payment and recover from return fraud. If full payment is not received, the taxpayer will receive several demand notices. If full payment is still not received, the taxpayer will be sent through the IRS collection process. This could also involve the filing of a tax lien that will affect the taxpayers' credit report, or a levy (withholding) on their bank accounts and/or wages. The taxpayer may be eligible for an installment agreement, but it could take several years to pay the IRS debt.

##### example

A taxpayer's return fraudulently contains the Earned Income Tax Credit (EITC). The taxpayer has already received the refund when an audit notice is issued. During the audit, the taxpayer cannot provide documentation to support the EITC claim.

The taxpayer is disallowed \$3,000 in EITC and now has a balance due of over \$4,000, including penalties and interest. This amount reflects only the EITC disallowance. The amount could be much more if coupled with the loss of dependency exemption, Head of Household filing status, and the child tax credit. A \$3,000 EITC disallowance can quickly generate a bill of over \$6,000 when all accompanying disallowances are considered.

## 5. I will not engage in criminal, infamous, dishonest, notoriously disgraceful conduct, or any other conduct deemed to have a negative effect on the VITA/TCE Programs.

You may be prohibited from participating in VITA/TCE Programs if you engage (past and future) in criminal, infamous, dishonest, or notoriously disgraceful conduct, or any other conduct prejudicial to the government. You also must take care to avoid interactions that discredit the program. In addition, a taxpayer may look to state or local law to seek money from the SPEC partner for a volunteer's fraudulent actions.

Furthermore, allowing an unauthorized alien to volunteer at a VITA/TCE site is prohibited. An "unauthorized alien" is defined as an alien not lawfully admitted for permanent residence in the United States or not authorized to work in the United States under federal immigration law. All volunteers participating in the VITA/TCE Programs must reside in the United States legally. Site Coordinators are required to ask for proof of identity for each volunteer. However, we are not requiring Site Coordinators or partners to validate the legal status of volunteers. Therefore, by signing Form 13615, volunteers are certifying that they are legal.

### Consequences

Volunteers performing egregious activities are barred from volunteering for VITA/TCE Programs, and may be added to a registry of barred volunteers. The taxpayer is liable for any tax deficiency resulting from fraud, along with interest and penalties, and may seek money from the preparer and the SPEC partner.



If you have information indicating that another volunteer has engaged in criminal conduct or violated any of the Volunteer Standards of Conduct, immediately report such information to your Site Coordinator, email IRS at [WI.VolTax@irs.gov](mailto:WI.VolTax@irs.gov), or call 1-877-330-1205.

### example

A partner's program director was convicted of embezzling funds from an unrelated organization. The program director's criminal conduct created negative publicity for the partner. The partner was removed from the VITA/TCE Programs.

### example

A taxpayer's refund was stolen by a volunteer return preparer at a VITA site. The taxpayer sought monetary damages from the SPEC partner for the volunteer's fraudulent actions.

## 6. I will treat all taxpayers in a professional, courteous, and respectful manner.

To protect the public interest, the IRS and its employees, partners, and volunteers must maintain the confidence and esteem of the people we serve. You are expected to conduct yourself professionally in a courteous, businesslike, and diplomatic manner.

Volunteers take pride in assisting hard-working men and women who come to VITA/TCE sites for return preparation. Taxpayers are often under a lot of stress and may wait extended periods for assistance. You may also experience stress due to the volume of taxpayers needing service. This situation can make patience run short. It is important for you to remain calm and create a peaceful and friendly atmosphere.

### example

You finish a difficult return for Millie, who has self-employment income, several expenses, and very few records. In addition, her son turned 25 and moved out early in the year. She owes the IRS about \$50. After you carefully explain the return, Millie sputters, "You don't know what you're doing. I always get a refund! My neighbor is self-employed and she got \$1,900 back." In this situation, you should take a deep breath and courteously explain that every return is different. If necessary, involve the Site Coordinator.

## **Taxpayer Civil Rights**

Under no circumstances will the Internal Revenue Service tolerate discriminatory treatment of taxpayers by employees or individuals who volunteer at federally conducted or federally assisted sites. No taxpayer shall be excluded from participating in, be denied the benefits of, or be subject to discrimination based on race, color, sex, national origin, reprisal, disability, or age in programs or activities supported by the Department of the Treasury – Internal Revenue Service.\*

Taxpayers with a disability may require a reasonable accommodation in order to participate or receive the benefits of a program or activity supported by the Department of the Treasury – Internal Revenue Service. Volunteers participating in the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites are responsible for ensuring that all requests for reasonable accommodation are granted when the request is made by a qualified individual with a disability. Taxpayers have the right to file a written complaint with the Department of the Treasury – Internal Revenue Service when a request for a reasonable accommodation is not granted.

Taxpayers may also submit a written complaint if they believe they have been discriminated against on the basis of race, color, sex, national origin, disability, reprisal or age. Taxpayers may file a written complaint with an employee at an IRS Taxpayer Assistance Center (TAC), VITA/TCE Site Coordinator, Department of the Treasury – Internal Revenue Service, or the address listed below. All written complaints must be sent to:

Director, Civil Rights Division  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Room 2413  
Washington, DC 20224

For all inquiries concerning taxpayer civil rights, contact the Internal Revenue Service, AWSS – EDI Operations, Civil Rights Division at the address referenced above, or e-mail us at [eeo.external.civil.rights@irs.gov](mailto:eeo.external.civil.rights@irs.gov).

\*Not all protected bases apply to all programs supported by the Department of the Treasury – Internal Revenue Service.

## **Failure to Comply with the Standards of Conduct**

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### **Who enforces the standards?**

By law, tax return preparers are required to exercise due diligence in preparing or assisting in the preparation of tax returns. IRS-SPEC defines due diligence as the degree of care and caution reasonably expected from, and ordinarily exercised by, a volunteer in the VITA/TCE Programs.

Because the U.S. tax system is based on voluntary compliance, taxpayers are able to compute their own tax liability. Most taxpayers compute their tax accurately, but at times unscrupulous taxpayers and preparers evade the system by filing fraudulent returns. For this reason, some sponsoring organizations may choose to perform background checks on their volunteers.

The VITA/TCE Programs are operated by sponsoring partners and/or coalitions outside the IRS. However, IRS is responsible for the oversight of these programs. Generally, volunteers are selected by partners and not by the IRS. As a volunteer tax preparer, you serve an important role. In fact, SPEC's partners and its volunteers are the most valuable resources in the volunteer tax preparation program.

IRS has the responsibility for providing oversight to protect the VITA/TCE Programs' integrity and maintain taxpayer confidence. IRS-SPEC recognizes your hard work and does not want it overshadowed by a volunteer's lapse in judgment.

### **How are the standards enforced?**

To maintain confidence in VITA/TCE Programs, IRS-SPEC enhanced Form 13615, Volunteer Standards of Conduct Agreement. The intent is to provide guidance to volunteers and a structure for regulating ethical standards.

If conduct violating the standards occurs at a VITA/TCE site, SPEC will recommend corrective action. If the site cannot remedy the conduct, then IRS-SPEC will discontinue its relationship and remove any government property from the site.

In cases of malfeasance, illegal conduct, and/or management practices that violate the VSC, IRS-SPEC may terminate a grant. A volunteer's conduct could put a site or partner in jeopardy of losing its government funding.

### ***Volunteer Registry***

Volunteers and partners released from the VITA/TCE Programs for egregious actions can be added to the IRS-SPEC Volunteer Registry. The IRS-SPEC director will determine if a volunteer or partner should be added to the registry. The purpose of the registry is to notify IRS-SPEC employees of volunteers and partners that were removed from the VITA/TCE Programs due to egregious actions. The registry will include partner or individual names, locations, and affiliated agency or sponsors. Volunteers and/or partners on this list are unable to participate in the VITA/TCE Programs indefinitely. Egregious actions include, but are not limited to, one or more of the following willful actions:

- Creating harm to taxpayers, volunteers or IRS employees
- Refusing to adhere to the Quality Site Requirements
- Accepting payments for return preparation at VITA/TCE sites
- Using taxpayer personal information for personal gain
- Knowingly preparing false returns
- Engaging in criminal, infamous, dishonest, notorious, disgraceful conduct
- Any other conduct deemed to have a negative impact on the VITA/TCE Programs

### **What is the impact on VITA/TCE Programs?**

As a volunteer, you positively affect the lives of taxpayers. Unfortunately, one volunteer's unethical behavior can cast a cloud of suspicion on the entire volunteer tax preparation program. IRS-SPEC has closed down tax sites due to unethical behavior, which left taxpayers without access to free tax preparation in their community. The consequences to the tax site or sponsoring organization may include:

- Terminating the partnership between the IRS and the sponsoring organization
- Discontinuing IRS support
- Revoking or retrieving the sponsoring organization's grant funds
- Deactivating IRS EFIN
- Removing all IRS products, supplies, and loaned equipment from the site
- Removing all taxpayer information
- Disallowing use of IRS-SPEC logos



## What is the impact on taxpayers?

A taxpayer is responsible for paying only the correct amount of tax due under the law. However, an incorrect return can cause a low-to-moderate income taxpayer financial stress. Although a return is accepted, it may not be accurate. Acceptance merely means the required fields are complete and that no duplicate returns exist.

It is imperative that you correctly apply the tax laws to the taxpayer's situation. While you may be tempted to bend the law to help taxpayers, this will cause problems down the road. For example:

- Depending on the tax issue, a taxpayer may receive a refund and later receive a letter from the IRS questioning the return. While a letter does not conclusively mean the return is wrong, it begins a tax controversy process, and can create anguish for the taxpayer.
- The taxpayer may be subject to the examination process including collection, litigation, and appeals. If additional tax is assessed, interest and penalties accrue from the date the return was originally due until payment is made.
- A taxpayer who cannot pay the full balance due may be able to make installment payments, but interest and penalties will continue to accrue until full payment is remitted. Moreover, the IRS may file a notice of federal tax lien upon all property or rights belonging to the taxpayer. This can have a chilling effect on the taxpayer as it becomes public knowledge and appears on his/her credit reports. In addition, if a taxpayer refuses or neglects to pay the tax, the IRS can use levies and seizures to satisfy balance due accounts. The law provides some protections for taxpayers, but in general, a taxpayer who fails to pay their tax is subject to enforcement action.

### *How might the taxpayer find relief?*

If tax collection would cause significant hardship, the taxpayer may be able to find relief. Significant hardship means serious deprivation, not simply economic or personal inconvenience to the taxpayer. In this case, collection action may stop, but interest and penalties will continue to accrue until the taxpayer can afford to pay.

### *What if the taxpayer is not telling the truth?*

As described above, the tax controversy process can be long and drawn-out. If you ever sense that a taxpayer is not telling the truth, don't ignore it. Conduct a thorough interview, paying special attention to the information you are uncomfortable with, to ensure there is no misunderstanding. If that does not resolve the matter, refer the taxpayer to your Site Coordinator. Remember, if you are not comfortable with the information provided from the taxpayer, you are not obligated to prepare the return.

#### **TIP**

By following the Volunteer Standards of Conduct and correctly applying the laws to the facts, you can save the taxpayer the trouble of tax controversy in the future.

## Taxpayer review and acknowledgement

After the return is finished, a certified volunteer must briefly discuss the filing status, exemptions, income, adjusted gross income, credits, taxes, payments, and the refund or balance due with the taxpayer. If the taxpayer has any questions, concerns, or requires additional clarification about the return, the volunteer must assist the taxpayer.

**Before asking the taxpayer to sign the return (either by signing Form 1040, U.S. Individual Income Tax Return, signing Form 8879, IRS e-file Signature Authorization, or entering a self-select PIN), advise the taxpayer that:**

- **The taxpayer is ultimately responsible for the information on the return**
- **Signing the return guarantees under penalty of perjury that the taxpayer has examined the return and its accompanying forms and schedules for accuracy**



## **Volunteer's role in criminal investigation**

Honest taxpayers and tax preparers preserve the tax system's integrity. To sustain confidence in the VITA/TCE Programs, you should report violations that raise substantial questions about another volunteer's honesty, trustworthiness, or fitness as a tax preparer.

Taxpayers and return preparers who violate tax law are subject to civil and criminal penalties. Any person who willfully aids or assists in, or procures, counsels, or advises the preparation or presentation of a materially false or fraudulent return is subject to criminal punishment.

IRS-SPEC will refer violations to the IRS Criminal Investigation Division or the Treasury Inspector General for Tax Administration. You can anonymously report a violation by calling 1-877-330-1205 or emailing [WI.Voltax@irs.gov](mailto:WI.Voltax@irs.gov).

## **Volunteer Protection Act**

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Public Law 105-19, Volunteer Protection Act of 1997 (VPA) generally protects volunteers from liability for negligent acts they perform within the scope of their responsibilities in the organization for whom they volunteer. The VPA is not owned or written exclusively for Internal Revenue Service. This is a public law and relates to organizations that use volunteers to provide services.

### **What is a volunteer?**

Under the VPA, a "volunteer" is an individual performing services for a nonprofit organization or a governmental entity (including as a director, officer, trustee, or direct service volunteer) who does not receive for these services more than \$500 total in a year from the organization or entity as:

- Compensation (other than reasonable reimbursement or allowance for expenses actually incurred), or
- Any other thing of value in lieu of compensation

Although an individual may not fall under the VPA definition of a "volunteer," which means they may not be protected under the VPA, they are still considered volunteers by the VITA/TCE Programs. To ensure protection, those who do not fit this VPA volunteer definition should seek advice from their sponsoring organization's attorneys to determine liability protection rights.

### **What does the VPA do?**

The purpose of the VPA is to promote the interests of social service program beneficiaries and taxpayers and to sustain the availability of programs, nonprofit organizations, and governmental entities that depend on volunteer contributions. It does this by providing certain protections from liability concerns for volunteers serving nonprofit organizations and governmental entities.

The VPA protects volunteers from liabilities if they were acting within the scope of the program and harm was not caused by willful or criminal misconduct, gross negligence, reckless misconduct, conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer. The VPA does not protect conduct that is willful or criminal, grossly negligent, reckless, or conduct that constitutes a conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer.

In general, if volunteers are performing their responsibilities using the Volunteer Standards of Conduct, they are protected. However, local and state laws still must be considered. Sponsoring organizations should seek advice from their attorneys to determine how this law protects their volunteers.

## Instructions for Completing the VSC Agreement

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You must complete the Volunteer Standards of Conduct Training and sign Form 13615, Volunteer Standards of Conduct Agreement prior to working at a VITA/TCE site.

As a return preparer, Quality Reviewer, or VITA/TCE tax law instructor, you must certify in tax law prior to checking the acknowledgment box in Link & Learn Taxes. If using the paper test, you must certify by signing and dating the form.

Certification (training and testing) can be acknowledged by:

- Using Link & Learn Taxes, or
- Using the paper Form 6744, VITA/TCE Volunteer Assistor's Test/Retest

### If you are using Link & Learn Taxes, you must:

- Pass the Volunteer Standards of Conduct training and test
- Pass the appropriate certification test levels (Basic, Intermediate, Advanced, etc.) if you are preparing returns, performing quality review, or other position requiring tax law testing
  - After each test, the Link and Learn system will mark "P" for the Volunteer Standards of Conduct Training and (if applicable) tax law certification levels indicating a passing score
- Check the box in Link & Learn Taxes acknowledging you have read and completed Form 13615, Volunteer Standards of Conduct Agreement (after training and/or testing)
- Finish the form by completing the applicable fields (if missing): your name, home address, site name, partner name, daytime phone number, e-mail address, volunteer position, and number of volunteer years
- Print and review the form and give the completed form to the designated partner or Site Coordinator
  - The designated partner or Site Coordinator will certify by signing and dating the form

### If you are using the paper test (Form 6744):

- Instructors will use Form 6744 to administer the test
- You must take and pass the Volunteer Standards of Conduct Training and test
- You must pass the appropriate certification test levels (Basic, Intermediate, Advanced, etc.) if you are preparing returns, performing quality review, or other position requiring tax law testing
- You must complete the entire Form 13615, Volunteer Standards of Conduct Agreement by adding your full name, home address, site name, partner name, daytime phone number, e-mail address, volunteer position, and number of volunteer years
- Instructors should provide any information that volunteers do not know, such as the partner name
- Instructors will mark "P" for the Volunteer Standards of Conduct Training indicating a passing score
- If applicable, instructors will mark "P" for each appropriate tax law certification level indicating a passing score
- Instructors return the form to each volunteer for their signature and date
- Instructors will certify by signing and dating the form
- Instructors will provide additional processing instructions for the form



VSC and tax law certification can be completed by using Form 6744, VITA/TCE Volunteers Assistor's Test/Retest, or by using Link & Learn Taxes online. If Link & Learn Taxes is used, volunteers can certify by signing Form 13615 electronically after all required tests are completed with a passing score. Therefore, no signature is required on the paper form.

## Resolving Problems

In general, the Site Coordinator is the first point of contact for resolving any problems you encounter. If you feel you cannot take an issue to your Site Coordinator, email IRS at [WI.VolTax@irs.gov](mailto:WI.VolTax@irs.gov), call toll free 1-877-330-1205, and/or contact your local IRS-SPEC relationship manager.

For this type of issue:	The appropriate action is:
Individual or company is violating the tax laws	Use Form 3949-A, Information Referral. You may complete this form online at <a href="http://www.irs.gov/pub/irs-pdf/f3949a.pdf">www.irs.gov/pub/irs-pdf/f3949a.pdf</a> . Print the form and mail to: Internal Revenue Service, Fresno, CA, 93888.
Victims of identity theft suffer impact on their current federal income tax return	Refer taxpayers to Identity Protection Specialized Unit at 1-800-908-4490. The Protection Specialized Unit may issue these taxpayers a notice. You may prepare returns for taxpayers who bring in their CP01A Notice or special PIN (6 digit IPPIN). Include the IPPIN on the software main information page. Instructions are located at: <a href="http://www.irs.gov/privacy/article/0,,id=186436,00.html">http://www.irs.gov/privacy/article/0,,id=186436,00.html</a>
Taxpayers believe they are victims of discrimination	Refer taxpayers to:  (Written complaints) National Headquarters; Office of Equity, Diversity & Inclusion; Internal Revenue Service; Attn: Director, Civil Rights Division (External Civil Rights Team); 1111 Constitution Ave., NW Room 2413; Washington, DC 20224.  (Email complaints) <a href="mailto:eeo.external.civil.rights@irs.gov">eeo.external.civil.rights@irs.gov</a> .  (Telephone complaints) 1-202-927-0180.
Taxpayers have account questions such as balance due notices and transcript or installment agreement requests	Refer taxpayers to local Taxpayer Assistance Center or call IRS toll free at 1-800-829-1040.
Federal refund inquiries	Tell taxpayers to:  Go to <a href="http://www.irs.gov">www.irs.gov</a> and click "Where's My Refund" or call 1-800-829-1954 or 1-800-829-4477.
State/local refund inquiries	Refer to the appropriate revenue office.
Taxpayers have been unsuccessful in resolving their issue with the IRS	Tell taxpayers that the Taxpayer Advocate Service can offer special help to a taxpayer experiencing a significant hardship as the result of a tax problem. For more information, the taxpayer can call toll free 1-877-777-4778 (1-800-829-4059 for TTY/TDD).

## Exercises

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Using your reference materials, answer the following questions.

**Question 1:** Taxpayer Edna brings her tax documents to the site. She completes Form 13614-C, Intake/ Interview & Quality Review Sheet. She indicates in Part III of Form 13614-C that she has self-employment income along with other income and expenses.

Joe, a tax preparer, reviews Form 13614-C with Edna. He asks if she brought all of her documents today, and asks to see them. Included in the documents is Form 1099-MISC, Miscellaneous Income, showing \$7,500 of non-employee compensation in Box 7. She tells Joe that she has a cleaning business that provides services to local businesses.

Edna says she also received \$4,000 in cash payments for additional cleaning work. When Joe asks if she received any documentation supporting these payments, she says no, the payments were simply paid to her for each cleaning job she performed.

At this point, Joe suggests that because the IRS has no record of the cash payments, Edna does not need to report these payments on her return. Edna is concerned and feels like she could “get in trouble” with the IRS if she does not report all of her income. Joe assures her that the chance of the IRS discovering that she did not report cash income is very small.

Joe prepares Form 1040, Individual Income Tax Return. On Schedule C, Line 1 he reports only the \$7,500 reported in Box 7 of Form 1099-MISC. When Joe completes the return, he hands it to Edna to sign Form 8879, IRS e-file Signature Authorization.

- A. Is there a Volunteer Standards of Conduct violation? If yes, describe.
- B. What should happen to the volunteer?
- C. What should the volunteer have done?

**Question 2:** Taxpayer George completes Form 13614-C indicating in Part II that his marital status is single with one dependent, Amelia. Volunteer preparer Marge reviews the intake form and the taxpayer’s information documents.

When Marge asks if Amelia is related to George, he says no, that Amelia is the child of a personal friend who is not filing a tax return. Amelia’s mother told George to claim the child and even gave him Amelia’s social security card. Marge then asks whether George provided more than one-half of Amelia’s support, but George says no. He goes on to say that he should be able to claim Amelia as a dependent because no one else is claiming her.

Marge agrees that although Amelia is not George’s qualifying child or relative, he can still claim her as a dependent because no one else will. Marge goes on to suggest that the child could be listed as George’s niece who lives with him, so that he can file as a Head of Household and claim the Earned Income Tax Credit (EITC). Marge completes Form 13614-C, Section B, accordingly.

Marge assures George that chances of the IRS discovering that he and Amelia are not related would be very small. Marge prepares the return with the Head of Household status and claiming the EITC and Child Tax Credits for “qualifying child” Amelia. George signs Form 8879.

- A. Is there a Volunteer Standards of Conduct violation? If yes, describe.
- B. What should happen to the volunteer?
- C. What should the volunteer have done?

**Question 3:** Taxpayer Isabel's completed Form 13614-C indicates that she does not have an account to directly deposit a refund. When volunteer James prepares Isabel's return, it shows that Isabel is entitled to a \$1,200 refund.

James tells Isabel that a paper check may take up to 6 weeks to arrive, but if she has the funds directly deposited to a checking account, the amount would be available in 7-10 business days. He offers to have the money deposited to his own checking account, stating that on receipt of the money he would turn it over to her. Isabel agrees and allows James to enter his routing number and account information on her return. James gives the money to Isabel when he receives it.

- A. Is there a Volunteer Standards of Conduct violation? If yes, describe.
- B. What should happen to the volunteer?

**Question 4:** While volunteer James is completing Isabel's return, he notes that she is single and asks her if she would like to meet some evening at a local bar so they could get to know each other better. Although Isabel says that she would prefer that he not call her, James says he does not give up that easily and that he will call her later in the week.

Isabel reports the conversation to the Site Coordinator before she leaves the site.

- A. Is there a Volunteer Standards of Conduct violation? If yes, describe.
- B. What should happen to the volunteer?

**Question 5:** Volunteer John is preparing a return for taxpayer Max, who sold stock during the tax year. Max says he does not want to report capital gains and tells John that the cost basis on the stock sold was equal to or higher than the sales price. Based on his own stock portfolio, John believes Max is lying. John explains to Max that if the IRS examines the return, the cost basis will have to be supported by written statements or other documents of the purchases. Max says he understands, but he still wants the return completed with the amounts he has given to John. After John completes the return and Max signs Form 8879, the return is e-filed.

- A. Is there a Volunteer Standards of Conduct violation? If yes, describe.
- B. What should happen to the volunteer?
- C. What could the volunteer have done?

**Question 6:** When Joelle, Site Coordinator, returns from a lunch break, she notices the waiting area is nearly empty. When she asks greeter Jade what happened, Jade says that volunteer Nathan and a taxpayer had a loud, bitter argument, and many taxpayers got concerned and left.

Joelle takes Nathan to a private area and asks him to explain what happened. Nathan says the taxpayer became upset when Nathan told him that as a noncustodial parent he had to have a signed Form 8332, Release/Revocation of Release of Claim to Exemption for Child By Custodial Parent, or he could not claim his children as dependents. Nathan admits that he got angry when the taxpayer started name calling. Nathan says he told the taxpayer, "If you don't like our free service, then you can go somewhere else." Nathan also says there was a lot of yelling and cussing on both sides and then the taxpayer left the site.

- A. Is there a Volunteer Standards of Conduct violation? If yes, describe.
- B. What should happen to the volunteer?
- C. What should the volunteer have done?

## Summary

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- All volunteers must agree to the Volunteer Standards of Conduct outlined in Form 13615. The instructor/ Site Coordinator/partner must verify the identity and certification of the volunteer before the volunteer is allowed to work at the site.
- Failure to comply with the standards may adversely affect the taxpayer, the site, the partner and the VITA/TCE Programs.
- Violation of the standards will not be tolerated. If a violation is discovered, appropriate corrective actions will be taken, up to removal of the volunteer and closing of the site.
- The Volunteer Protection Act generally protects volunteers from liability as long as they are acting in accordance with the standards.
- Volunteers and partners with questions about the standards should contact their IRS-SPEC relationship manager

## Exercise Answers

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### Answer 1

- A. Yes, Standard 4, knowingly preparing a fraudulent return.
- B. Volunteer should be removed and barred from working at a VITA/TCE site and added to the volunteer registry.
- C. Cash income should be reported as income on Schedule C.

### Answer 2

- A. Yes, Standard 4, knowingly preparing a fraudulent return. Although the taxpayer insisted on including the dependent, Marge knew this was wrong.
- B. Volunteer should be removed and barred from working at a VITA/TCE site and added to the volunteer registry.
- C. Volunteer should educate George on dependent eligibility using Publication 4012, Volunteer Resource Guide, refuse to prepare the tax return, or report the incident to the Site Coordinator.

### Answer 3

- A. Yes, Standard 1, (Quality Site Requirement #10 Security, Privacy and Confidentiality). Although the volunteer's intention was to help Isabel get her refund sooner by having it direct deposited instead of mailed, putting it into his own account is problematic and could raise the question of misappropriation of a tax refund.
- B. Volunteer must be counseled that he cannot put any other taxpayer's refund into his own account. If this continues he will be removed and barred from the site.

### Answer 4

- A. Yes, Standard 3, using knowledge gained from the taxpayer for volunteers' personal benefit.
- B. He should be reminded that he cannot use taxpayer's personal information (marital status and phone number) for his benefit.

**Answer 5**

A. Maybe. Even though Max insists on using the cost basis he provides to John, as long as John has conducted a thorough interview, especially about the stock sales, he can prepare the return. John should remind Max that taxpayers sign their returns under penalty of perjury, and that Max is ultimately responsible for the return.

If Max tells John that the basis amounts are wrong and John prepares the return anyway, then John is violating Standard 4, knowingly preparing a false return.

B. As long as John did not knowingly prepare a false return, nothing should happen. However, if John does know the information is false, then he should be removed, barred from the site, and he could be added to the volunteer registry.

C. John could have refused to prepare Max's return.

**Answer 6**

A. Yes, Standard 6. Volunteers must deal with people at the site with courtesy and in a respectful and professional manner.

B. Nathan should be warned that future outbursts will result in his immediate removal as a volunteer.

C. Nathan should have taken a deep breath and courteously explained the Form 8332 requirements using Publication 4012. If the situation still could not be resolved, Nathan should have requested the taxpayer speak to the Site Coordinator upon her return.





## Volunteer Standards of Conduct (Ethics) Test

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It is important that all individuals who volunteer their time and services in the VITA/TCE Programs understand their roles and responsibilities under the program. All volunteers are expected to:

- Receive Standards of Conduct (ethics) training
- Take and complete a test on ethics under the VITA/TCE Programs
- Sign and understand the Volunteer Standards of Conduct Agreement, Form 13615, indicating they have taken the ethics training and have successfully completed a test on those ethics requirements

These Standards of Conduct requirements are in addition to the tax law certification process (i.e., Basic, Intermediate, Advanced, Military, or International) for becoming a qualified volunteer to teach tax law, correct tax returns, conduct quality reviews, prepare tax returns, or address tax law related questions as a volunteer in the VITA/TCE Programs.

Use your training and reference tools to answer the questions. You must answer four of the following five questions correctly to pass the Standards of Conduct test.

### Test Questions

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#### Directions

Using your resource materials, answer the following questions.

1. I am currently a volunteer greeter. I will not be preparing tax returns. I do not need to take the Volunteer Standards of Conduct test.
  - a. True
  - b. False
2. Maggie asks Josh, the tax preparer, to deposit her refund into Josh's checking account and turn the funds over to her when received. If Josh says yes, he is in violation of the standards.
  - a. True
  - b. False
3. A volunteer preparer told the taxpayer that cash income does not need to be reported because the IRS will never find out. The return was completed without the cash income. The Quality Reviewer simply missed this omission and the return was printed, signed, and e-filed. Who has violated the Volunteer Standards of Conduct?
  - a. Quality Reviewer
  - b. Volunteer Preparer
  - c. Site Coordinator
  - d. Neither a nor b

4. Which of the following is a violation of the Volunteer Standards of Conduct?
  - a. Using taxpayer's personal information to ask for a date
  - b. Having a tip jar at the site
  - c. Knowingly preparing a false tax return
  - d. All of the above
5. Can a volunteer be removed and barred from the VITA/TCE Programs for violating the Volunteer Standards of Conduct?
  - a. Yes
  - b. No

## Retest Questions

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### Directions

Using your resource materials, answer the following questions.

1. Which volunteers must take Volunteer Standards of Conduct training and test?
  - a. Site Coordinators/Local Coordinators
  - b. Quality Reviewers and Tax Return Preparers
  - c. All VITA/TCE volunteers
  - d. Greeters
2. Jake is a volunteer preparer in the VITA/TCE Programs. When preparing a return for Jill, Jake learns that Jill does not have an account to receive a direct deposit of her refund. Jake offers to use his account to receive the direct deposit, and says he will turn the money over to Jill once the refund is deposited. Is this an acceptable action under the program?
  - a. Yes
  - b. No
3. A volunteer tax preparer told the taxpayer that cash income does not need to be reported. The return was completed without the cash income. The Quality Reviewer simply missed this omission and the return was printed, signed, and e-filed. Did the Quality Reviewer violate the Volunteer Standards of Conduct?
  - a. Yes
  - b. No
4. Is having a tip jar at the site a violation of the Volunteer Standards of Conduct?
  - a. Yes
  - b. No

5. If a tax preparer violates the Volunteer Standards of Conduct, what are the possible consequences?
- a. Criminal investigation
  - b. Removal from the VITA/TCE Programs
  - c. Elimination of VITA/TCE grant funds
  - d. Deactivation of EFIN
  - e. All of the above

Form <b>13615</b> (Rev. 10-2011)	Department of the Treasury – Internal Revenue Service <b>Volunteer</b> <b>Standards of Conduct Agreement –</b> <b>VITA/TCE Programs</b>	Cat. No. 38847H
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The mission of the VITA/TCE return preparation programs is to assist eligible taxpayers in satisfying their tax responsibilities by providing **free** tax return preparation. To establish the greatest degree of public trust, volunteers are required to maintain the highest standards of ethical conduct and provide quality service.

**Instructions:** All VITA/TCE volunteers (whether paid or unpaid workers) must complete the *Volunteer Standards of Conduct Training* and sign *Form 13615, Volunteer Standards of Conduct Agreement* prior to working at a VITA/TCE site. In addition, return preparers, quality reviewers, and VITA/TCE tax law instructors must certify in tax law prior to signing this form. This form is not valid until the site coordinator, sponsoring partner, instructor, or IRS contact confirms the volunteer’s identity and signs the form.

**Standards of Conduct:** As a volunteer in the VITA/TCE Programs, you must:

<ol style="list-style-type: none"> <li>1) Follow the Quality Site Requirements (QSR).</li> <li>2) Not accept payment or solicit donations for federal or state tax return preparation.</li> <li>3) Not solicit business from taxpayers you assist or use the knowledge you gained (their information) about them for any direct or indirect personal benefit for you or any other specific individual.</li> </ol>	<ol style="list-style-type: none"> <li>4) Not knowingly prepare false returns.</li> <li>5) Not engage in criminal, infamous, dishonest, notoriously disgraceful conduct, or any other conduct deemed to have a negative effect on the VITA/TCE Programs.</li> <li>6) Treat all taxpayers in a professional, courteous, and respectful manner.</li> </ol>
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Failure to comply with these standards could result in, but is not limited to, the following:

- Your removal from all VITA/TCE programs and designation on the IRS volunteer registry to bar future work;
- Deactivation of your sponsoring partner’s site VITA/TCE EFIN (electronic filing ID number);
- Removal of all IRS products, supplies, loaned equipment, and taxpayer information from your site;
- Termination of your sponsoring organization’s partnership with the IRS;
- Termination of grant funds from the IRS to your sponsoring partner; and
- Referral of your conduct for potential TIGTA and criminal investigations.

**Taxpayer Impact:** Taxpayer trust in the IRS and the local sponsoring partner organization is jeopardized when ethical standards are not followed. Fraudulent returns that report incorrect income, credits, or deductions can result in many years of interaction with the IRS as the taxpayer tries to pay the additional tax plus interest and penalties. This can result in an extreme burden for the taxpayer as the taxpayer tries to resolve the errors made on his or her return.

**Volunteer Protection:** The Volunteer Protection Act generally protects unpaid volunteers from liability for acts or omissions that occur while acting within the scope of their responsibilities at the time of the act or omission. It provides no protection for harm caused by willful or criminal misconduct, gross negligence, reckless misconduct, or a conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer.

For additional information on the volunteer standards of conduct, please refer to *Publication 4299, Privacy, Confidentiality, & the Volunteer Standards of Conduct -- A Public Trust*.

**Volunteer:**

By signing this form, I declare that I have completed Volunteer Standards of Conduct Training and have read, understood, and will comply with the volunteer standards of conduct. I also provide consent to the sponsoring partner organization to perform a background check if and as it may choose.

Print full name	Volunteer position(s)
Home street address: city, state and ZIP code	
E-mail address	Daytime telephone
Sponsoring partner name/site name	Number of years volunteered (including this year)
<b>Volunteer signature</b>	<b>Date</b>

**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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**(Partner Use Only)**

**Site Coordinator, Sponsoring Partner, Instructor or IRS:**

By signing this form, I declare that I have verified the required certifications and proper identification for this volunteer prior to allowing the volunteer to work at the VITA/TCE site.

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**Volunteer Certification Levels**

	Standards of Conduct (Required for ALL)	Basic	Intermediate	Advanced	Military	International	COD	HSA	Foreign Students		
									1	2	3
<b>Certification Test</b>											
<b>Add the letter "P" for all passing test scores</b>											

**Print approving official's name and title:**  
(site coordinator, sponsoring partner, instructor, etc.)

**Approving official's signature and date:**



### Directions

The first five short scenarios are designed to measure key competencies related to filing status, dependency exemptions, and related tax benefits. These 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.**

### Basic Scenario 1: Nancy Pratt

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#### Interview Notes

- Susan, who is single, lost her job in 2010. She and her eight-year-old son Jason moved in with a friend of the family, Nancy. Susan and Jason lived there the entire year of 2011.
- Jason's father died in 2007.
- Nancy paid all the cost of keeping up her home.
- Nancy, who is single, provided all of Susan's and Jason's support during 2011.
- Nancy's total earned income in 2011 was \$42,000.
- Neither Susan nor Jason received any income in 2011.
- Susan will not file a tax return for 2011.
- Nancy, Susan, and Jason are U.S. citizens and have valid social security numbers.

### Basic Scenario 1: Test Questions

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1. Whom can Nancy claim as dependents?
  - a. Nancy cannot claim any dependents.
  - b. She can claim both Jason and Susan as dependents since they both meet the tests for qualifying relative.
  - c. She can only claim Jason because of the age requirements for dependency.
  - d. She can only claim Susan because Jason is Susan's qualifying child.
2. Does Nancy qualify for Head of Household filing status?
  - a. Yes, because she provided over half the cost of keeping up her home.
  - b. No, because she does not have a qualifying person.

## Basic Scenario 2: Sarah Pope

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### Interview Notes

- Sarah is 67 years old and single.
- Sarah lived with her daughter Phyllis for all of 2011 in Phyllis' home.
- Sarah provides over half of her own support.
- In 2011, Sarah worked as a cashier and earned \$12,000, which was her total income. She had \$450 in federal tax withholding.
- Phyllis, who is 32, will be filing her own return. She is not disabled.
- Sarah and Phyllis are U.S. citizens and have valid social security numbers.

## Basic Scenario 2: Test Questions

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3. Sarah is entitled to claim one personal exemption.
  - a. True
  - b. False
4. Can Sarah claim the Earned Income Credit (EIC)?
  - a. Yes, because she has earned income.
  - b. Yes, because she is not her daughter's dependent.
  - c. No, because she is over 65 and has no qualifying child.
  - d. No, because she has no taxable income.



## Basic Scenario 3: Natasha Jefferson

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### Interview Notes

- Natasha Jefferson and Daniel Newport are both single and were never married. They have not lived together for three years.
- They have one child, Hannah, age 4.
- In 2011, Hannah lived with Natasha the entire year. Daniel lived alone.
- Natasha and Daniel provided all of Hannah's support.
- In 2011, Natasha worked and earned \$18,000. Daniel worked and earned \$33,000.
- Daniel pays the rent and utilities for Natasha's apartment. He is providing over half the cost of maintaining the home for Natasha and Hannah.
- Daniel does not pay household expenses for any other family member.
- Natasha, Daniel, and Hannah are U.S. citizens and have valid social security numbers.

### Basic Scenario 3: Test Questions

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5. Hannah is Daniel's qualifying person for Head of Household filing status.
  - a. True
  - b. False
6. Who is entitled to claim Hannah as a qualifying child for EIC?
  - a. Either Daniel or Natasha can claim Hannah for EIC.
  - b. Daniel is the only one who can claim Hannah for EIC.
  - c. Natasha is the only one who can claim Hannah for EIC.
  - d. No one can claim Hannah for EIC.

## Basic Scenario 4: Aiden and Isabel Stillwater

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### Interview Notes

- Aiden and Isabel are married and lived together in the U.S. for all of 2011 with their two sons, Rafael, age 2, and Edward, age 3.
- Aiden and Isabel have Individual Taxpayer Identification Numbers (ITINs).
- Aiden and Isabel have lived in the U.S. for 5 years.
- Aiden and Isabel both worked and their combined wages were \$39,500, which was their only income.
- Aiden and Isabel provided all the support for Rafael and Edward.
- They paid Suffolk Day Care \$1,000 a year to take care of Rafael and Edward while they worked.
- Rafael and Edward are both U.S. citizens and have valid social security numbers (SSNs).

## Basic Scenario 4: Test Questions

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7. Aiden and Isabel are filing a joint return. They **cannot** claim Rafael and Edward as dependents.
  - a. True
  - b. False
8. Aiden and Isabel are eligible to claim which tax credit(s) on their joint return?
  - a. EIC only
  - b. Child tax credit and dependent care credit
  - c. EIC, dependent care credit, and child tax credit
  - d. They are not entitled to claim any tax credits because Aiden and Isabel have ITINs.

## Basic Scenario 5: Lisa Bolivar

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### Interview Notes

- Lisa Bolivar is 36 years old.
- Oliver, who is single, is Lisa's 45-year-old brother. He is permanently and totally disabled.
- Their parents are deceased.
- Oliver lived with Lisa in her home all of 2011.
- In 2011, Oliver received Form SSA-1099 showing social security disability benefits of \$11,000, his only income.
- Oliver provided over half of his own support.
- Lisa worked as a clerk and earned \$26,500.
- Lisa and Oliver are U.S. citizens and have valid social security numbers.

## Basic Scenario 5: Test Questions

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9. Lisa cannot claim Oliver as her dependent because:
  - a. Oliver provides over half of his own support.
  - b. Oliver is over 24 years old.
  - c. Oliver is her brother.
  - d. Oliver is older than Lisa.
10. Is Oliver a qualifying child for EIC even though he is not a qualifying child for the dependency exemption?
  - a. Yes
  - b. No

## Basic Scenario 6: James and Bridget Thurston

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### Taxpayer Documents

- Social security cards for James and Bridget Thurston
- Completed intake and interview sheet
- Form W-2 for James Thurston
- Form W-2 for Bridget Thurston
- Form 1099-INT from U.S. Equity Bank
- Form SSA-1099

### Interview Notes

- James and Bridget are married and want to file a joint return.
- James and Bridget will not itemize deductions for 2011.
- James and Bridget have never taken a distribution from any retirement account.
- A prior year lump sum payment was included on James' Form SSA-1099. He has elected to report the whole payment as 2011 income.



**Intake/Interview & Quality Review Sheet**

**Section A. You should complete Pages 1-3**

Thank you for allowing us to prepare your tax return. **You are responsible for the information on your return so please provide complete and accurate information to the certified tax preparer.** If you have any questions please ask your preparer.

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as a valid drivers license or other government issued picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>JAMES</b>		M. I. <b>T</b>	Last Name <b>THURSTON</b>		Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Spouse's First Name <b>BRIDGET</b>		M. I. <b>J</b>	Last Name <b>THURSTON</b>		Is spouse a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing Address <b>1932 CALVINS COURT</b>		Apt#	City <b>YOUR CITY</b>	State <b>YS</b>	Zip Code <b>YOUR ZIP</b>	
4. Contact Information Phone: <b>YOUR PHONE #</b> Cell Phone: E-mail: <b>NONE</b>						
5. Your Date of Birth <b>09/21/1942</b>		6. Your Job Title <b>CASHIER</b>		7. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Spouse's Date of Birth <b>03/06/1947</b>		10. Spouse's Job Title <b>CUSTOMER SERVICE REP</b>		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. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure						

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

1. As of December 31, 2011, were you?
- Single
- Married: Did you live with your spouse during any part of the last six months of 2011?  Yes  No
- Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_
- Widowed: Year of spouse's death: \_\_\_\_\_

2. List names below of everyone who lived in your home in 2011 (other than you or spouse). Also list anyone who lived outside of your home that you supported during 2011. If additional space is needed please check here  and list on page 3.

Name (first, last) Do not enter your name or spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. daughter, son, mother, sister, none)	Number of months lived in your home in 2011	US Citizen or resident of the US, Canada or Mexico in 2011 (yes/no)	Marital Status as of 12/31/11 (S/M)	Full-time student in 2011 (yes/no)	Received less than \$3700 income in 2011 (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)

- **Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.**
- **To report unethical behavior to IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205.**

**To check the status of your REFUND visit "Where's My Refund?" on [www.irs.gov](http://www.irs.gov) or call 1-800-829-1954 for assistance.**

**Section A. Please complete – check Yes, No or Unsure to all questions below. Please ask if you need help.**

**Part III. Income – In 2011, did you (or your spouse) receive:**

**Yes No Unsure**

1. Wages or Salary? (Form W-2)
2. Tip Income?
3. Scholarships? (Forms W-2, 1098-T)
4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
5. Refund of state/local income taxes? (Form 1099-G)
6. Alimony Income?
7. Self-Employment payments (such as cash received for services, small business)? (Form 1099-MISC)
8. Income (or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Forms 1099-S, 1099-B)
9. Disability Income (such as payments from insurance or workers compensation)? (Forms 1099-R, W-2)
10. Distributions from Pensions, Annuities, and/or IRA? (Form 1099-R)
11. Unemployment Compensation? (Form 1099-G)
12. Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
13. Income (or loss) from Rental Property?
14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: \_\_\_\_\_ (Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2011 Did you (or your spouse) pay:**

**Yes No Unsure**

1. Alimony: If yes, do you have the recipient's SSN?  Yes  No
2. Contributions to a retirement account?  IRA  Roth IRA  401K  Other
3. Educational expenses paid for yourself, spouse or dependents, such as tuitions, books, fees, etc.? (Form 1098-T)
4. Unreimbursed employee business expenses (such as teacher supplies, uniforms or mileage)?
5. Medical expenses (including health insurance premiums)?
6. Home mortgage interest? (Form 1098)
7. Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
8. Charitable contributions?
9. Child/dependent care expenses, such as day-care?

**Part V. Life Events – In 2011 Did you (or your spouse):**

**Yes No Unsure**

1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form 1099-C)
3. Buy, sell or have a foreclosure of your home? (Form 1099-A)
4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? \_\_\_\_\_
5. Purchase and install energy efficient home items (such as windows, furnace, insulation, etc.)?
6. Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
7. Receive the First Time Homebuyers Credit in 2008?
8. Pay any student loan interest? (Form 1098-E)
9. Make estimated tax payments or apply last year's refund to your 2011 tax? If so how much? \_\_\_\_\_
10. Attend school as a full time student? (Form 1098-T)
11. Adopt a child?
12. File a 2010 federal tax return containing a "capital loss carryover" on Form 1040 Schedule D?

**Presidential Election Campaign Fund:** (If you check a box, your tax or refund will not change.)

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

Catalog Number 52121E

Form **13614-C** (Rev. XX-XXXX)

2





**Section B. For Certified Volunteer Preparer Completion**

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1, 2 & 3 is complete. All questions must be discussed with the taxpayer and all "Unsure" responses should be changed to "Yes" or "No".

**Must be completed by Certified Volunteer only if persons are listed in Part II Question 2**

**Check if persons are listed in Part II Question 2**

- Yes  No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 3. Did any of the persons listed in Part II, Question 2 provide more than 50% of their own support? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? **If yes, which ones:**  
 N/A  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_

**Reminders**

Use Publication 4012, *Volunteer Resource Guide* and Publication 17, *Your Federal Income Tax* in making tax law determinations.


**Additional Tax Preparer Notes:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Section C. For Certified Quality Reviewer Completion**

**Confirm each item after reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer.**

- 1. Sections A & B of this form are complete.
- 2. Taxpayer's identity, address and phone numbers were verified.
- 3. Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents match the supporting documents.
- 4. Filing Status is correctly determined.
- 5. Personal and Dependency Exemptions are entered correctly on the return.
- 6. All information shown on source documents and noted in Section A, Part III is included on the tax return.
- 7. Any Adjustments to Income are correctly reported.
- 8. Standard, Additional or Itemized Deductions are correct.
- 9. All credits are correctly reported.
- 10. Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
- All tax law issues above have been addressed and necessary changes have been made.
- If direct deposit or debit was elected, checking/saving account and routing information match the supporting documents.
- Correct SIDN and EFIN are shown on the return.


a Employee's social security number <b>130-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile		
b Employer identification number (EIN) <b>34-5XXXXXX</b>			1 Wages, tips, other compensation <b>13,000.00</b>		2 Federal income tax withheld <b>458.00</b>					
c Employer's name, address, and ZIP code <b>CROSSROADS SHIPPING 12 DOUGHTIE ST STE 150 YOUR CITY, STATE ZIP</b>			3 Social security wages <b>13,000.00</b>		4 Social security tax withheld <b>546.00</b>					
			5 Medicare wages and tips <b>13,000.00</b>		6 Medicare tax withheld <b>189.00</b>					
			7 Social security tips		8 Allocated tips					
d Control number			9		10 Dependent care benefits					
e Employee's first name and initial Last name Suff. <b>JAMES T. THURSTON 1932 CALVINS COURT YOUR CITY, STATE ZIP</b>			11 Nonqualified plans		12a See instructions for box 12					
			13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b					
			14 Other		12c					
					12d					
f Employee's address and ZIP code			15 State Employer's state ID number <b>YS 34-5XXXXXX</b>		16 State wages, tips, etc. <b>13,000.00</b>		17 State income tax <b>295.00</b>		18 Local wages, tips, etc.	
							19 Local income tax		20 Locality name	

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

**2011**

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 <b>137-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile		
b Employer identification number (EIN) <b>34-6XXXXXX</b>			1 Wages, tips, other compensation <b>25,000.00</b>		2 Federal income tax withheld <b>1,600.00</b>					
c Employer's name, address, and ZIP code <b>BONNIE'S BONNETS 2250 DELORIS AVE YOUR CITY, STATE ZIP</b>			3 Social security wages <b>26,000.00</b>		4 Social security tax withheld <b>1,092.00</b>					
			5 Medicare wages and tips <b>26,000.00</b>		6 Medicare tax withheld <b>377.00</b>					
			7 Social security tips		8 Allocated tips					
d Control number			9		10 Dependent care benefits					
e Employee's first name and initial Last name Suff. <b>BRIDGET J. THURSTON 1932 CALVINS COURT YOUR CITY, STATE ZIP</b>			11 Nonqualified plans		12a See instructions for box 12					
			13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b		<b>D 1000.00</b>			
			14 Other		12c					
					12d					
f Employee's address and ZIP code			15 State Employer's state ID number <b>YS 34-6XXXXXX</b>		16 State wages, tips, etc. <b>25,000.00</b>		17 State income tax <b>250.00</b>		18 Local wages, tips, etc.	
							19 Local income tax		20 Locality name	

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

**2011**

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. <b>US Equity Bank 8020 Yonkers Blvd YOUR CITY, STATE ZIP</b>		Payer's RTN (optional)	OMB No. 1545-0112	
PAYER'S federal identification number <b>34-7XXXXXX</b>		1 Interest income <b>\$ 200.00</b>	<b>2011</b> Interest Income Form <b>1099-INT</b>	
RECIPIENT'S identification number <b>130-XX-XXXX</b>		2 Early withdrawal penalty \$		
RECIPIENT'S name <b>JAMES T. AND BRIDGET J. THURSTON</b>		3 Interest on U.S. Savings Bonds and Treas. obligations \$	<b>Copy B For Recipient</b> 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.) <b>1932 Calvins Court</b>		4 Federal income tax withheld \$		5 Investment expenses \$
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		6 Foreign tax paid \$		7 Foreign country or U.S. possession
Account number (see instructions)		8 Tax-exempt interest \$		9 Specified private activity bond interest \$
		10 Tax-exempt bond CUSIP no. (see instructions)		

Form **1099-INT**

(keep for your records)

Department of the Treasury - Internal Revenue Service

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT			
<b>2011</b> • PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. SEE THE REVERSE FOR MORE INFORMATION.			
Box 1. Name <b>James T. Thurston</b>	Box 2. Beneficiary's Social Security Number <b>130-XX-XXXX</b>		
Box 3. Benefits Paid in 2011 <b>\$12,000.00</b>	Box 4. Benefits Repaid to SSA in 2011	Box 5. Net Benefits for 2011 (Box 3 minus Box 4) <b>\$12,000.00</b>	
DESCRIPTION OF AMOUNT IN BOX 3		DESCRIPTION OF AMOUNT IN BOX 4	
<b>Paid by check or direct deposit:</b> <b>\$10,843.20</b> <b>Medicare Part B premiums deducted from your benefits:</b> <b>\$1,156.80</b>  <b>Medicare Prescription Drug premiums (Part D) deducted from your benefits:</b> <b>\$0</b>  <b>Total Additions:</b>  <b>Benefits for 2011:</b> <b>\$10,800</b>  <b>Benefits for 2010:</b> <b>\$1,200</b>		Box 6. Voluntary Federal Income Tax Withholding <b>\$0.00</b>  Box 7. Address <b>1932 Calvins Court</b> <b>Your City, Your State</b>	
Box 8. Claim Number (Use this number if you need to contact SSA.)			
Draft as of June 21, 2011 - Subject to Change			
Form SSA-1099-SM (6-2011)		DO NOT RETURN THIS FORM TO SSA OR IRS	

## Basic Scenario 6: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

11. The Thurstons did **not** correctly complete Part III of the intake and interview sheet based on the taxpayer documents.
  - a. True
  - b. False
  
12. What is the Thurstons' standard deduction?
  - a. \$11,600
  - b. \$12,750
  - c. \$13,700
  - d. \$13,900
  
13. Do the Thurstons qualify for the retirement savings contribution credit?
  - a. Yes
  - b. No
  
14. James should report \$10,800 on Form 1040, line 20a.
  - a. True
  - b. False
  
15. Do the Thurstons have taxable social security benefits to report on their joint return for 2011?
  - a. Yes
  - b. No
  
16. The Thurstons' total federal income tax withholding is \$\_\_\_\_\_.
  
17. James and Bridget told you that they would not be able to pay the amount they owe by April 17, 2012. You advise them to file on time and to pay as much as they can with the return. If they follow your advice, will this reduce the amount of interest and penalties?
  - a. Yes
  - b. No

## Basic Scenario 7: Ashley Sawyer

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### Taxpayer Documents

- Social security cards for Ashley, Greyson, Hayden, and Emily Sawyer
- Completed intake and interview sheet
- Form W-2 for Ashley Sawyer
- Form 1099-G, Unemployment Compensation, for Ashley Sawyer
- Form 1099-INT from Adelphi Bank and Trust
- Statement from Extended Learning Center
- Voided personal check

### Interview Notes

- Ashley is married. Her husband, Nicolas, moved out of the house and left the family in April 2011. Ashley has not seen Nicolas since.
- Ashley provided the entire cost of maintaining the household and all the support for her three children in 2011.
- Ashley tells you that she does not want to file with her husband.
- Ashley has never itemized her deductions and will not itemize for 2011.
- Ashley was laid off in July and received unemployment compensation for four months.
- If she is due a refund, Ashley wants to purchase a \$200 savings bond for her daughter and have the remaining amount deposited into her checking account.
- The youngest children, Emily and Greyson, attended an after-school day-care program while Ashley worked.



**Intake/Interview & Quality Review Sheet**

**Section A. You should complete Pages 1-3**

Thank you for allowing us to prepare your tax return. **You are responsible for the information on your return so please provide complete and accurate information to the certified tax preparer.** If you have any questions please ask your preparer.

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as a valid drivers license or other government issued picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>ASHLEY</b>	M. I. <b>S</b>	Last Name <b>SAWYER</b>	Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Spouse's First Name <b>NICOLAS</b>	M. I. <b>A</b>	Last Name <b>SAWYER</b>	Is spouse a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing Address <b>129 PETERBOROUGH</b>	Apt#	City <b>YOUR CITY</b>	State <b>YS</b>	Zip Code <b>YOUR ZIP</b>
4. Contact Information Phone: <b>YOUR PHONE #</b> Cell Phone: E-mail: <b>NONE</b>				
5. Your Date of Birth <b>04/29/1968</b>	6. Your Job Title <b>MED SECRETARY</b>	Are you:	7. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9. Spouse's Date of Birth <b>05/15/1961</b>	10. Spouse's Job Title <b>UNKNOWN</b>	Is Spouse:	11. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
13. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure				

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

1. As of December 31, 2011, were you?  
 Single  
 Married: Did you live with your spouse during any part of the last six months of 2011?  Yes  No  
 Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_  
 Widowed: Year of spouse's death: \_\_\_\_\_

2. List names below of everyone who lived in your home in 2011 (other than you or spouse). Also list anyone who lived outside of your home that you supported during 2011. If additional space is needed please check here  and list on page 3.

Name (first, last) Do not enter your name or spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. daughter, son, mother, sister, none)	Number of months lived in your home in 2011	US Citizen or resident of the US, Canada or Mexico in 2011 (yes/no)	Marital Status as of 12/31/11 (S/M)	Full-time student in 2011 (yes/no)	Received less than \$3700 income in 2011 (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>EMILY SAWYER</b>	<b>08/25/03</b>	<b>DAUGHTER</b>	<b>12</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>YES</b>
<b>GREYSON SAWYER</b>	<b>06/06/01</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>YES</b>
<b>HAYDEN SAWYER</b>	<b>11/27/93</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>YES</b>

- **Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.**
- **To report unethical behavior to IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205.**

**To check the status of your REFUND visit "Where's My Refund?" on [www.irs.gov](http://www.irs.gov) or call 1-800-829-1954 for assistance.**



**Section A. Please complete – check Yes, No or Unsure to all questions below. Please ask if you need help.**

**Part III. Income – In 2011, did you (or your spouse) receive:**

**Yes No Unsure**

1. Wages or Salary? (Form W-2)
2. Tip Income?
3. Scholarships? (Forms W-2, 1098-T)
4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
5. Refund of state/local income taxes? (Form 1099-G)
6. Alimony Income?
7. Self-Employment payments (such as cash received for services, small business)? (Form 1099-MISC)
8. Income (or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Forms 1099-S, 1099-B)
9. Disability Income (such as payments from insurance or workers compensation)? (Forms 1099-R, W-2)
10. Distributions from Pensions, Annuities, and/or IRA? (Form 1099-R)
11. Unemployment Compensation? (Form 1099-G)
12. Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
13. Income (or loss) from Rental Property?
14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: \_\_\_\_\_ (Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2011 Did you (or your spouse) pay:**

**Yes No Unsure**

1. Alimony: If yes, do you have the recipient's SSN?  Yes  No
2. Contributions to a retirement account?  IRA  Roth IRA  401K  Other
3. Educational expenses paid for yourself, spouse or dependents, such as tuitions, books, fees, etc.? (Form 1098-T)
4. Unreimbursed employee business expenses (such as teacher supplies, uniforms or mileage)?
5. Medical expenses (including health insurance premiums)?
6. Home mortgage interest? (Form 1098)
7. Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
8. Charitable contributions?
9. Child/dependent care expenses, such as day-care?

**Part V. Life Events – In 2011 Did you (or your spouse):**

**Yes No Unsure**

1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form 1099-C)
3. Buy, sell or have a foreclosure of your home? (Form 1099-A)
4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? \_\_\_\_\_
5. Purchase and install energy efficient home items (such as windows, furnace, insulation, etc.)?
6. Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
7. Receive the First Time Homebuyers Credit in 2008?
8. Pay any student loan interest? (Form 1098-E)
9. Make estimated tax payments or apply last year's refund to your 2011 tax? If so how much? \_\_\_\_\_
10. Attend school as a full time student? (Form 1098-T)
11. Adopt a child?
12. File a 2010 federal tax return containing a "capital loss carryover" on Form 1040 Schedule D?

**Presidential Election Campaign Fund:** (If you check a box, your tax or refund will not change.)

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

Catalog Number 52121E

Form **13614-C** (Rev. XX-XXXX)

2





**Section B. For Certified Volunteer Preparer Completion**

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1, 2 & 3 is complete. All questions must be discussed with the taxpayer and all "Unsure" responses should be changed to "Yes" or "No".

**Must be completed by Certified Volunteer only if persons are listed in Part II Question 2**

**Check if persons are listed in Part II Question 2**

- Yes  No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 3. Did any of the persons listed in Part II, Question 2 provide more than 50% of their own support? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? **If yes, which ones:**  
 N/A  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_

**Reminders**

Use Publication 4012, *Volunteer Resource Guide* and Publication 17, *Your Federal Income Tax* in making tax law determinations.

**Additional Tax Preparer Notes:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Section C. For Certified Quality Reviewer Completion**

**Confirm each item after reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer.**

- 1. Sections A & B of this form are complete.
- 2. Taxpayer's identity, address and phone numbers were verified.
- 3. Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents match the supporting documents.
- 4. Filing Status is correctly determined.
- 5. Personal and Dependency Exemptions are entered correctly on the return.
- 6. All information shown on source documents and noted in Section A, Part III is included on the tax return.
- 7. Any Adjustments to Income are correctly reported.
- 8. Standard, Additional or Itemized Deductions are correct.
- 9. All credits are correctly reported.
- 10. Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
- All tax law issues above have been addressed and necessary changes have been made.
- If direct deposit or debit was elected, checking/saving account and routing information match the supporting documents.
- Correct SIDN and EFIN are shown on the return.

a Employee's social security number <b>259-XX-XXXX</b>		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>35-6XXXXXX</b>		1 Wages, tips, other compensation <b>27,500.00</b>	2 Federal income tax withheld <b>1,450.00</b>		
c Employer's name, address, and ZIP code <b>ORTHOPEDIC SERVICES, PA 1270 WEST 29TH STREET YOUR CITY, STATE ZIP</b>		3 Social security wages <b>27,500.00</b>	4 Social security tax withheld <b>1,155.00</b>		
		5 Medicare wages and tips <b>27,500.00</b>	6 Medicare tax withheld <b>399.00</b>		
		7 Social security tips	8 Allocated tips		
d Control number		9	10 Dependent care benefits		
e Employee's first name and initial Last name <b>ASHLEY S. SAWYER 129 PETERBOROUGH YOUR CITY, STATE ZIP</b>		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>	12b		
		14 Other		12c	
				12d	
f Employee's address and ZIP code		15 State Employer's state ID number <b>YS 35-6XXXXXX</b>	16 State wages, tips, etc. <b>27,500.00</b>	17 State income tax <b>372.00</b>	18 Local wages, tips, etc.
		19 Local income tax	20 Locality name		

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

**2011**

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. <b>STATE UNEMPLOYMENT COMMISSION 1000 GOVERNMENT PLAZA YOUR CITY, STATE ZIP</b>		1 Unemployment compensation <b>\$ 4,000.00</b>	OMB No. 1545-0120 <b>2011</b> Form <b>1099-G</b>		<b>Certain Government Payments</b>
PAYER'S federal identification number <b>35-7XXXXXX</b>	RECIPIENT'S identification number <b>259-XX-XXXX</b>	2 State or local income tax refunds, credits, or offsets \$	3 Box 2 amount is for tax year	4 Federal income tax withheld <b>\$ 700.00</b>	
RECIPIENT'S name <b>ASHLEY S. SAWYER</b>		5 ATAA/RTAA payments \$	6 Taxable grants \$	<b>Copy B For Recipient</b> 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.) <b>129 PETERBOROUGH</b>		7 Agriculture payments \$	8 If checked, box 2 is trade or business income <input type="checkbox"/>		
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		9 Market gain \$	10a State 10b State identification no.		
Account number (see instructions)					

Form **1099-G**

(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. <b>Adelphi Bank and Trust</b> <b>150 Main Street</b> <b>YOUR CITY, STATE ZIP</b>		Payer's RTN (optional)	OMB No. 1545-0112
PAYER'S federal identification number <b>35-8XXXXXX</b>		1 Interest income <b>\$ 200.00</b>	<b>2011</b> Interest Income Form <b>1099-INT</b>
RECIPIENT'S identification number <b>259-XX-XXXX</b>	2 Early withdrawal penalty <b>\$ 20.00</b>		
RECIPIENT'S name <b>ASHLEY S. SAWYER</b>	3 Interest on U.S. Savings Bonds and Treas. obligations \$	4 Federal income tax withheld \$	<b>Copy B For Recipient</b> 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.) <b>129 PETERBOROUGH</b>	5 Investment expenses \$	6 Foreign tax paid \$	
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>	7 Foreign country or U.S. possession	8 Tax-exempt interest \$	
Account number (see instructions)	9 Specified private activity bond interest \$	10 Tax-exempt bond CUSIP no. (see instructions)	

Form **1099-INT**

(keep for your records)

Department of the Treasury - Internal Revenue Service

## Extended Learning Center

3030 Joann  
Your City, Your State Your Zip

December 31, 2011

Received from Ashley S. Sawyer:

\$700 for after-school care for Emily Sawyer.  
\$500 for after-school care for Greyson Sawyer.

\$1,200 Total Amount Received

Della Krause

EIN: 35-9XXXXXX

<b>Ashley S. Sawyer</b> 129 Peterborough Your City, State 00000	<b>1234</b> 15-0000000000
PAY TO THE ORDER OF _____	\$ _____
_____	DOLLARS
<b>Adelphi Bank and Trust</b> Anytown, State 00000 For _____	
: 111000025 : 123456789 1234	

## Basic Scenario 7: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

18. Is Married Filing Separately the most advantageous filing status Ashley can use?
- a. Yes
  - b. No
19. What is the total amount of adjustments used in determining adjusted gross income on Form 1040, page 1?
- a. \$220
  - b. \$200
  - c. \$20
  - d. \$0
20. What is the amount of earned income used to calculate Ashley's EIC? \$\_\_\_\_\_.
21. What is the credit for child and dependent care expenses on Form 2441? \$\_\_\_\_\_
22. What is the amount of Ashley's additional child tax credit in the Payments section of Form 1040?
- a. \$0
  - b. \$474
  - c. \$1,474
  - d. \$2,474
23. What is Ashley's total federal income tax withholding?
- a. \$2,150
  - b. \$2,130
  - c. \$1,450
  - d. \$0
24. Ashley wants to buy Emily a savings bond with part of her refund. Which form needs to be completed? Form \_\_\_\_\_

## Basic Scenario 8: Serena Livingston

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### Taxpayer Documents

- Social security cards for Serena, Charlie, and Erika Livingston
- Completed intake and interview sheet
- Two Forms W-2 for Serena
- Form 1099-INT from Regional Bank and Trust
- Voided personal check

### Interview Notes

- Another volunteer completed the tax return for Serena Livingston. You have been asked to perform the quality review.
- Use Form 13614-C, Section C, as a tool in this review.
- Serena Livingston is not married and lives with her two children, Charlie and Erika. The children lived with her the entire year of 2011. Serena and her children have not had any contact with the children's father since 1999.
- Serena provides the entire cost of maintaining the household and all the support for the family.
- Erika and Charlie are both high school students and have no income.
- Serena cashed in a savings bond and had not reported any interest in prior years.
- Serena has never itemized her deductions and will not itemize for 2011.



**Intake/Interview & Quality Review Sheet**

**Section A. You should complete Pages 1-3**

Thank you for allowing us to prepare your tax return. **You are responsible for the information on your return so please provide complete and accurate information to the certified tax preparer.** If you have any questions please ask your preparer.

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as a valid drivers license or other government issued picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>SERENA</b>		M. I.	Last Name <b>LIVINGSTON</b>		Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Spouse's First Name		M. I.	Last Name		Is spouse a U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing Address <b>1492 COLUMBUS DRIVE</b>			Apt#	City <b>YOUR CITY</b>	State <b>YS</b>	Zip Code <b>YOUR ZIP</b>
4. Contact Information Phone: <b>YOUR PHONE #</b> Cell Phone: E-mail: <b>NONE</b>						
5. Your Date of Birth <b>11/29/1966</b>		6. Your Job Title <b>OFFICE CLERK</b>		7. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Spouse's Date of Birth		10. Spouse's Job Title		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. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure						

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

1. As of December 31, 2011, were you?  
 Single  
 Married: Did you live with your spouse during any part of the last six months of 2011?  Yes  No  
 Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_  
 Widowed: Year of spouse's death: \_\_\_\_\_

2. List names below of everyone who lived in your home in 2011 (other than you or spouse). Also list anyone who lived outside of your home that you supported during 2011. If additional space is needed please check here  and list on page 3.

Name (first, last) Do not enter your name or spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. daughter, son, mother, sister, none)	Number of months lived in your home in 2011	US Citizen or resident of the US, Canada or Mexico in 2011 (yes/no)	Marital Status as of 12/31/11 (S/M)	Full-time student in 2011 (yes/no)	Received less than \$3700 income in 2011 (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>CHARLIE LIVINGSTON</b>	<b>05/10/95</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>YES</b>
<b>ERIKA LIVINGSTON</b>	<b>12/05/93</b>	<b>DAUGHTER</b>	<b>12</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>YES</b>

- **Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.**
- **To report unethical behavior to IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205.**

**To check the status of your REFUND visit "Where's My Refund?" on [www.irs.gov](http://www.irs.gov) or call 1-800-829-1954 for assistance.**



**Section A. Please complete – check Yes, No or Unsure to all questions below. Please ask if you need help.**

**Part III. Income – In 2011, did you (or your spouse) receive:**

**Yes No Unsure**

1. Wages or Salary? (Form W-2)
2. Tip Income?
3. Scholarships? (Forms W-2, 1098-T)
4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
5. Refund of state/local income taxes? (Form 1099-G)
6. Alimony Income?
7. Self-Employment payments (such as cash received for services, small business)? (Form 1099-MISC)
8. Income (or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Forms 1099-S, 1099-B)
9. Disability Income (such as payments from insurance or workers compensation)? (Forms 1099-R, W-2)
10. Distributions from Pensions, Annuities, and/or IRA? (Form 1099-R)
11. Unemployment Compensation? (Form 1099-G)
12. Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
13. Income (or loss) from Rental Property?
14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: \_\_\_\_\_ (Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2011 Did you (or your spouse) pay:**

**Yes No Unsure**

1. Alimony: If yes, do you have the recipient's SSN?  Yes  No
2. Contributions to a retirement account?  IRA  Roth IRA  401K  Other
3. Educational expenses paid for yourself, spouse or dependents, such as tuitions, books, fees, etc.? (Form 1098-T)
4. Unreimbursed employee business expenses (such as teacher supplies, uniforms or mileage)?
5. Medical expenses (including health insurance premiums)?
6. Home mortgage interest? (Form 1098)
7. Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
8. Charitable contributions?
9. Child/dependent care expenses, such as day-care?

**Part V. Life Events – In 2011 Did you (or your spouse):**

**Yes No Unsure**

1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form 1099-C)
3. Buy, sell or have a foreclosure of your home? (Form 1099-A)
4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? \_\_\_\_\_
5. Purchase and install energy efficient home items (such as windows, furnace, insulation, etc.)?
6. Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
7. Receive the First Time Homebuyers Credit in 2008?
8. Pay any student loan interest? (Form 1098-E)
9. Make estimated tax payments or apply last year's refund to your 2011 tax? If so how much? \_\_\_\_\_
10. Attend school as a full time student? (Form 1098-T)
11. Adopt a child?
12. File a 2010 federal tax return containing a "capital loss carryover" on Form 1040 Schedule D?

**Presidential Election Campaign Fund:** (If you check a box, your tax or refund will not change.)

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

Catalog Number 52121E

Form **13614-C** (Rev. XX-XXXX)

2



**Section B. For Certified Volunteer Preparer Completion**

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1, 2 & 3 is complete. All questions must be discussed with the taxpayer and all "Unsure" responses should be changed to "Yes" or "No".

**Must be completed by Certified Volunteer only if persons are listed in Part II Question 2**

**Check if persons are listed in Part II Question 2**

- Yes  No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 3. Did any of the persons listed in Part II, Question 2 provide more than 50% of their own support? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? **If yes, which ones:**  
 N/A  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? **If yes, which ones:**  
**CHARLIE LIVINGSTON, ERIKA LIVINGSTON**  
\_\_\_\_\_  
\_\_\_\_\_

**Reminders**

Use Publication 4012, *Volunteer Resource Guide* and Publication 17, *Your Federal Income Tax* in making tax law determinations.


**Additional Tax Preparer Notes:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Section C. For Certified Quality Reviewer Completion**

**Confirm each item after reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer.**

- 1. Sections A & B of this form are complete.
- 2. Taxpayer's identity, address and phone numbers were verified.
- 3. Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents match the supporting documents.
- 4. Filing Status is correctly determined.
- 5. Personal and Dependency Exemptions are entered correctly on the return.
- 6. All information shown on source documents and noted in Section A, Part III is included on the tax return.
- 7. Any Adjustments to Income are correctly reported.
- 8. Standard, Additional or Itemized Deductions are correct.
- 9. All credits are correctly reported.
- 10. Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
- All tax law issues above have been addressed and necessary changes have been made.
- If direct deposit or debit was elected, checking/saving account and routing information match the supporting documents.
- Correct SIDN and EFIN are shown on the return.


a Employee's social security number <b>150-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>						
b Employer identification number (EIN) <b>36-5XXXXXX</b>			1 Wages, tips, other compensation <b>13,500.00</b>		2 Federal income tax withheld <b>965.00</b>									
c Employer's name, address, and ZIP code <b>MENLO LEGAL OFFICES 9650 PRATT ST YOUR CITY, STATE ZIP</b>			3 Social security wages <b>13,500.00</b>		4 Social security tax withheld <b>567.00</b>									
			5 Medicare wages and tips <b>13,500.00</b>		6 Medicare tax withheld <b>196.00</b>									
			7 Social security tips		8 Allocated tips									
d Control number			9		10 Dependent care benefits									
e Employee's first name and initial Last name Suff. <b>SERENA LIVINGSTON 1492 COLUMBUS DRIVE YOUR CITY, STATE ZIP</b>			11 Nonqualified plans		12a See instructions for box 12									
			13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b									
			14 Other		12c									
					12d									
f Employee's address and ZIP code			15 State Employer's state ID number <b>YS 36-5XXXXXX</b>		16 State wages, tips, etc. <b>13,500.00</b>		17 State income tax <b>124.00</b>		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

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

**2011**

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 <b>150-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>						
b Employer identification number (EIN) <b>36-6XXXXXX</b>			1 Wages, tips, other compensation <b>7,750.00</b>		2 Federal income tax withheld <b>858.00</b>									
c Employer's name, address, and ZIP code <b>LARIMER, SNEAD, &amp; COLE, PA 4007 VENTURA DR, STE 500 YOUR CITY, STATE ZIP</b>			3 Social security wages <b>7,750.00</b>		4 Social security tax withheld <b>326.00</b>									
			5 Medicare wages and tips <b>7,750.00</b>		6 Medicare tax withheld <b>112.00</b>									
			7 Social security tips		8 Allocated tips									
d Control number			9		10 Dependent care benefits									
e Employee's first name and initial Last name Suff. <b>SERENA LIVINGSTON 1492 COLUMBUS DRIVE YOUR CITY, STATE ZIP</b>			11 Nonqualified plans		12a See instructions for box 12									
			13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b									
			14 Other		12c									
					12d									
f Employee's address and ZIP code			15 State Employer's state ID number <b>YS 36-6XXXXXX</b>		16 State wages, tips, etc. <b>7,750.00</b>		17 State income tax <b>93.00</b>		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

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

**2011**

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. <b>REGIONAL BANK AND TRUST 1000 MAIN STREET YOUR CITY, STATE ZIP</b>		Payer's RTN (optional)	OMB No. 1545-0112	<b>2011</b> Interest Income
		1 Interest income \$	Form <b>1099-INT</b>	
		2 Early withdrawal penalty \$		
PAYER'S federal identification number <b>36-7XXXXXX</b>	RECIPIENT'S identification number <b>150-XX-XXXX</b>	3 Interest on U.S. Savings Bonds and Treas. obligations <b>\$ 500.00</b>		<b>Copy B For Recipient</b> 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 <b>SERENA LIVINGSTON</b>		4 Federal income tax withheld \$	5 Investment expenses \$	
Street address (including apt. no.) <b>1492 COLUMBUS DRIVE</b>		6 Foreign tax paid \$	7 Foreign country or U.S. possession	
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		8 Tax-exempt interest \$	9 Specified private activity bond interest \$	
Account number (see instructions)		10 Tax-exempt bond CUSIP no. (see instructions)		

Form **1099-INT**

(keep for your records)

Department of the Treasury - Internal Revenue Service

Serena Livingston 1492 Columbus Drive Your City, State 00000		<b>1234</b> 15-0000000000
		_____ 20 _____
PAY TO THE ORDER OF _____		\$ _____
		_____ DOLLARS
Regional Bank and Trust Anytown, State 00000		
For _____		
: 111000025 : 987654321 1234		

VOID

For the year Jan. 1–Dec. 31, 2011, or other tax year beginning \_\_\_\_\_, 2011, ending \_\_\_\_\_, 20 **See separate instructions.**

Your first name and initial <b>SERENA</b>	Last name <b>LIVINGSTON</b>	Your social security number <b>158 XX XXXX</b>
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 instructions. **1492 COLUMBUS DRIVE** Apt. no. **▲ Make sure the SSN(s) above and on line 6c are correct.**

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). **YOUR CITY, STATE ZIP**

Foreign country name Foreign province/county Foreign postal code

Presidential Election Campaign  
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  You  Spouse

**Filing Status**

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 instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶  
 5  Qualifying widow(er) with dependent child

Check only one box.

**Exemptions**

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

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)
<b>CHARLIE</b>	<b>LIVINGSTON</b>	<b>1 5 6 X X X X X X</b>	<b>Son</b>	<input checked="" type="checkbox"/>
<b>ERIKA</b>	<b>LIVINGSTON</b>	<b>1 5 7 X X X X X X</b>	<b>Daughter</b>	<input type="checkbox"/>

If more than four dependents, see instructions and check here

Boxes checked on 6a and 6b **1**  
 No. of children on 6c who:  
 • lived with you **2**  
 • did not live with you due to divorce or separation (see instructions)  
 Dependents on 6c not entered above  
 Add numbers on lines above **3**

**Income**

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	<b>21,250</b>
8a	Taxable interest. Attach Schedule B if required	8a	<b>50</b>
b	Tax-exempt interest. Do not include on line 8a	8b	
9a	Ordinary dividends. Attach Schedule B if required	9a	
b	Qualified dividends	9b	
10	Taxable refunds, credits, or offsets of state and local income taxes	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	15a	
b	Taxable amount	15b	
16a	Pensions and annuities	16a	
b	Taxable amount	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	20b	
21	Other income. List type and amount	21	
22	Combine the amounts in the far right column for lines 7 through 21. This is your <b>total income</b> ▶	22	<b>21,300</b>

**Adjusted Gross Income**

23	Educator expenses	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	Deductible part of self-employment tax. Attach Schedule SE	27	
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN ▶	31a	
32	IRA deduction	32	
33	Student loan interest deduction	33	
34	Tuition and fees. Attach Form 8917	34	
35	Domestic production activities deduction. Attach Form 8903	35	
36	Add lines 23 through 35	36	
37	Subtract line 36 from line 22. This is your <b>adjusted gross income</b> ▶	37	<b>21,300</b>



**Tax and Credits**

**Standard Deduction for—**

• People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.  
 • All others: Single or Married filing separately, \$5,800  
 Married filing jointly or Qualifying widow(er), \$11,600  
 Head of household, \$8,500

38	Amount from line 37 (adjusted gross income)	38	21,300
39a	Check <input type="checkbox"/> You were born before January 2, 1947, <input type="checkbox"/> Blind. Total boxes if: <input type="checkbox"/> Spouse was born before January 2, 1947, <input type="checkbox"/> Blind. checked ▶ 39a		
b	If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b <input type="checkbox"/>		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	8,500
41	Subtract line 40 from line 38	41	12,800
42	Exemptions. Multiply \$3,700 by the number on line 6d.	42	11,100
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	1,700
44	Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/> 962 election	44	171
45	Alternative minimum tax (see instructions). Attach Form 6251	45	
46	Add lines 44 and 45	46	171
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Education credits from Form 8863, line 23	49	
50	Retirement savings contributions credit. Attach Form 8880	50	
51	Child tax credit (see instructions)	51	171
52	Residential energy credits. Attach Form 5695	52	
53	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	53	
54	Add lines 47 through 53. These are your total credits	54	171
55	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-	55	0

**Other Taxes**

56	Self-employment tax. Attach Schedule SE	56	
57	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	57	
58	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	58	
59a	Household employment taxes from Schedule H	59a	
b	First-time homebuyer credit repayment. Attach Form 5405 if required	59b	
60	Other taxes. Enter code(s) from instructions	60	
61	Add lines 55 through 60. This is your total tax	61	0

**Payments**

If you have a qualifying child, attach Schedule EIC.

62	Federal income tax withheld from Forms W-2 and 1099	62	858
63	2011 estimated tax payments and amount applied from 2010 return	63	
64a	Earned income credit (EIC)	64a	
b	Nontaxable combat pay election 64b		
65	Additional child tax credit. Attach Form 8812	65	829
66	American opportunity credit from Form 8863, line 14	66	
67	First-time homebuyer credit from Form 5405, line 10	67	
68	Amount paid with request for extension to file	68	
69	Excess social security and tier 1 RRTA tax withheld	69	
70	Credit for federal tax on fuels. Attach Form 4136	70	
71	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	71	
72	Add lines 62, 63, 64a, and 65 through 71. These are your total payments	72	1,687

**Refund**

Direct deposit? See instructions.

73	If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid	73	1,687
74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here ▶ <input type="checkbox"/>	74a	1,687
b	Routing number 1 1 1 0 0 0 0 2 5 ▶ c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
d	Account number 9 8 7 6 4 3 2 1 1		
75	Amount of line 73 you want applied to your 2012 estimated tax ▶	75	

**Amount You Owe**

76	Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions ▶	76	
77	Estimated tax penalty (see instructions)	77	

**Third Party Designee**

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

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

**Sign Here**

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

Joint return? See instructions. Keep a copy for your records.

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

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
				S21014444
Firm's name ▶	Firm's EIN ▶	Phone no.		
Firm's address ▶				



## Basic Scenario 8: Test Questions

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### Directions

You are conducting a quality review of Serena's tax return. Using Form 13614-C, your resource materials, and all of the taxpayer's documents, answer each of the questions below. Form 13614-C, Section C, should be completed for this review.

25. Are all the social security numbers entered correctly on Form 1040?
- Yes
  - No
26. Select the name(s) that is (are) incorrect on Form 1040.
- Serena's name
  - Erika's name
  - Charlie's name
  - Both Charlie's and Erika's names
27. Which item from a Form W-2 was not included on Form 1040?
- Wages
  - Social security tips
  - Dependent care benefits
  - Federal income tax withholding
28. Which of the following is Serena's correct interest income?
- \$550
  - \$500
  - \$50
  - \$0
29. Which credit does Serena qualify for, but was not included on her return?
- Child tax credit
  - Additional child tax credit
  - EIC
  - None of the above
30. The bank account number is correct on the Form 1040.
- True
  - False





## 2012 6744 Test – Intermediate Course

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### Directions

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

### Intermediate Scenario 1: Kathy Greenlee

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#### Interview Notes

- Kathy is a 53-year-old elementary school teacher.
- Kathy spent \$400 on school supplies for the year.
- Kathy is divorced and her unmarried 27-year-old son Alex lived with her all of 2011. Alex is not disabled.
- Alex's only income is \$3,545.
- Kathy paid all the household expenses and provided over half of Alex's support.
- Kathy and Alex are U.S. citizens and have valid social security numbers.

### Intermediate Scenario 1: Test Questions

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1. Kathy's correct filing status is Head of Household.
  - a. True
  - b. False
2. What are the requirements for Kathy to claim an educator expense adjustment?
  - a. She must teach grades K-12
  - b. She must have worked at least 900 hours during the school year
  - c. She must have out of pocket expenses for school supplies
  - d. All of the above

## Intermediate Scenario 2: Alonzo Maricopa

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### Interview Notes

- Alonzo is a single dad, age 42, with two sons.
- His sons, ages 14 and 16, lived with him all of 2011.
- Alonzo lost his job in 2010 and in January 2011 he cashed in his entire 401(k).
- He received Form 1099-R, with a distribution code of 1 in Box 7, for \$2,000.
- Alonzo's only other income for 2011 was \$9,000 in unemployment compensation.
- Alonzo and his sons are U.S. citizens and have valid social security numbers.

### Intermediate Scenario 2: Test Questions

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3. Alonzo is not eligible for EIC. Why?
  - a. He has no qualifying children
  - b. Alonzo is not married
  - c. He had no earned income
  - d. His income is too high
4. There is an exception on Form 5329 to the 10% additional tax on the early distribution if Alonzo used the funds to pay medical expenses in excess of 7 1/2% of his adjusted gross income.
  - a. True
  - b. False

## Intermediate Scenario 3: Evan James Dawson

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### Taxpayer Documents

- Social security card for Evan James Dawson
- Social security card for Noah Ryan Dawson
- Completed intake and interview sheet
- Form W-2 for Evan Dawson
- Form 1098
- Form 1098-T

### Interview Notes

- Evan James Dawson divorced in 2004 and has a son, Noah, who lived with him all year.
- Evan provided all of the cost of keeping up the home.
- Noah provided less than 50% of his own support.
- Evan did not itemize deductions last year.
- In 2011, Noah was a third-year student at Brown College living in the dormitory. Noah is pursuing a degree in Computer Science. Noah used the proceeds of a student loan to purchase course-related books online for \$634 and to pay \$9,000 for room and board. Noah does not have a felony drug conviction.
- Evan purchased his current home in 2008 and received a \$7,500 first-time home-buyer credit on his 2008 tax return. He repaid \$500 when he filed his 2010 tax return.
- Evan wants to know if he has enough deductions to itemize. Assume that Evan will deduct state income tax instead of general sales tax. He gives you receipts, statements, and canceled checks for the following items he would like to deduct:
  - Unreimbursed doctor bills for Evan for \$300
  - Unreimbursed doctor bills for Noah for \$500
  - Unreimbursed prescription drugs for \$1,400
  - Unreimbursed nonprescription herbal supplements for \$300
  - Canceled check for a donation to the United Way for \$100
  - Evan tells you that he also gave \$20 to a homeless man
  - A statement received from his church showing donations made throughout the year of \$780
  - A receipt from a Goodwill drop-off center for the donation of a table, refrigerator, and stove; they were in good, used condition and had a thrift shop value of \$130
  - Form 1098 showing qualified mortgage insurance premiums, interest, and real estate taxes paid.

- Evan bought a \$2 lottery ticket every week, for a total of \$104. Evan had no winnings.
- Evan never received any distributions from his 401(k) or any other retirement plan.



**Intake/Interview & Quality Review Sheet**

**Section A. You should complete Pages 1-3**

Thank you for allowing us to prepare your tax return. **You are responsible for the information on your return so please provide complete and accurate information to the certified tax preparer.** If you have any questions please ask your preparer.

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as a valid drivers license or other government issued picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>EVAN</b>		M. I. <b>J</b>	Last Name <b>DAWSON</b>		Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Spouse's First Name		M. I.	Last Name		Is spouse a U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing Address <b>847 MESA AVE</b>			Apt#	City <b>YOUR CITY</b>	State <b>YS</b>	Zip Code <b>YOUR ZIP</b>
4. Contact Information Phone: <b>YOUR PHONE #</b> Cell Phone: E-mail: <b>NONE</b>						
5. Your Date of Birth <b>08/10/1962</b>		6. Your Job Title <b>ELECTRICIAN</b>		Are you: 7. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Spouse's Date of Birth		10. Spouse's Job Title		Is Spouse: 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. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure						

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

1. As of December 31, 2011, were you?  
 Single  
 Married: Did you live with your spouse during any part of the last six months of 2011?  Yes  No  
 Divorced or Legally Separated: Date of final decree or separate maintenance agreement: **01/20/2004**  
 Widowed: Year of spouse's death: \_\_\_\_\_

2. List names below of everyone who lived in your home in 2011 (other than you or spouse). Also list anyone who lived outside of your home that you supported during 2011. If additional space is needed please check here  and list on page 3.

Name (first, last) Do not enter your name or spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. daughter, son, mother, sister, none)	Number of months lived in your home in 2011	US Citizen or resident of the US, Canada or Mexico in 2011 (yes/no)	Marital Status as of 12/31/11 (S/M)	Full-time student in 2011 (yes/no)	Received less than \$3700 income in 2011 (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>NOAH DAWSON</b>	<b>06/09/89</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>YES</b>

- **Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.**
- **To report unethical behavior to IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205.**

**To check the status of your REFUND visit "Where's My Refund?" on [www.irs.gov](http://www.irs.gov) or call 1-800-829-1954 for assistance.**



**Section A. Please complete – check Yes, No or Unsure to all questions below. Please ask if you need help.**

**Part III. Income – In 2011, did you (or your spouse) receive:**

**Yes No Unsure**

1. Wages or Salary? (Form W-2)
2. Tip Income?
3. Scholarships? (Forms W-2, 1098-T)
4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
5. Refund of state/local income taxes? (Form 1099-G)
6. Alimony Income?
7. Self-Employment payments (such as cash received for services, small business)? (Form 1099-MISC)
8. Income (or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Forms 1099-S, 1099-B)
9. Disability Income (such as payments from insurance or workers compensation)? (Forms 1099-R, W-2)
10. Distributions from Pensions, Annuities, and/or IRA? (Form 1099-R)
11. Unemployment Compensation? (Form 1099-G)
12. Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
13. Income (or loss) from Rental Property?
14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: \_\_\_\_\_ (Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2011 Did you (or your spouse) pay:**

**Yes No Unsure**

1. Alimony: If yes, do you have the recipient's SSN?  Yes  No
2. Contributions to a retirement account?  IRA  Roth IRA  401K  Other
3. Educational expenses paid for yourself, spouse or dependents, such as tuitions, books, fees, etc.? (Form 1098-T)
4. Unreimbursed employee business expenses (such as teacher supplies, uniforms or mileage)?
5. Medical expenses (including health insurance premiums)?
6. Home mortgage interest? (Form 1098)
7. Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
8. Charitable contributions?
9. Child/dependent care expenses, such as day-care?

**Part V. Life Events – In 2011 Did you (or your spouse):**

**Yes No Unsure**

1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form 1099-C)
3. Buy, sell or have a foreclosure of your home? (Form 1099-A)
4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? \_\_\_\_\_
5. Purchase and install energy efficient home items (such as windows, furnace, insulation, etc.)?
6. Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
7. Receive the First Time Homebuyers Credit in 2008?
8. Pay any student loan interest? (Form 1098-E)
9. Make estimated tax payments or apply last year's refund to your 2011 tax? If so how much? \_\_\_\_\_
10. Attend school as a full time student? (Form 1098-T)
11. Adopt a child?
12. File a 2010 federal tax return containing a "capital loss carryover" on Form 1040 Schedule D?

**Presidential Election Campaign Fund:** (If you check a box, your tax or refund will not change.)

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

Catalog Number 52121E

Form **13614-C** (Rev. XX-XXXX)

2



**Section B. For Certified Volunteer Preparer Completion**

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1, 2 & 3 is complete. All questions must be discussed with the taxpayer and all "Unsure" responses should be changed to "Yes" or "No".

**Must be completed by Certified Volunteer only if persons are listed in Part II Question 2**

**Check if persons are listed in Part II Question 2**

- Yes  No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 3. Did any of the persons listed in Part II, Question 2 provide more than 50% of their own support? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? **If yes, which ones:**  
 N/A  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_

**Reminders**

Use Publication 4012, *Volunteer Resource Guide* and Publication 17, *Your Federal Income Tax* in making tax law determinations.


**Additional Tax Preparer Notes:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Section C. For Certified Quality Reviewer Completion**

**Confirm each item after reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer.**

- 1. Sections A & B of this form are complete.
- 2. Taxpayer's identity, address and phone numbers were verified.
- 3. Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents match the supporting documents.
- 4. Filing Status is correctly determined.
- 5. Personal and Dependency Exemptions are entered correctly on the return.
- 6. All information shown on source documents and noted in Section A, Part III is included on the tax return.
- 7. Any Adjustments to Income are correctly reported.
- 8. Standard, Additional or Itemized Deductions are correct.
- 9. All credits are correctly reported.
- 10. Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
- All tax law issues above have been addressed and necessary changes have been made.
- If direct deposit or debit was elected, checking/saving account and routing information match the supporting documents.
- Correct SIDN and EFIN are shown on the return.

a Employee's social security number <b>208-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile					
b Employer identification number (EIN) <b>37-5XXXXXX</b>			1 Wages, tips, other compensation <b>40,940.00</b>		2 Federal income tax withheld <b>4,142.00</b>						
c Employer's name, address, and ZIP code <b>PACE CONSTRUCTION 3604 FORREST TRAIL YOUR CITY, STATE ZIP</b>			3 Social security wages <b>41,420.00</b>		4 Social security tax withheld <b>1,740.00</b>						
			5 Medicare wages and tips <b>41,420.00</b>		6 Medicare tax withheld <b>601.00</b>						
			7 Social security tips		8 Allocated tips						
d Control number			9		10 Dependent care benefits						
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a See instructions for box 12 <b>D</b> <b>480.00</b>			
f Employee's address and ZIP code <b>EVAN JAMES DAWSON 847 MESA AVE YOUR CITY, STATE ZIP</b>			13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b		12c		12d		
			14 Other								
15 State Employer's state ID number <b>YS 37-5XXXXXX</b>		16 State wages, tips, etc. <b>40,940.00</b>		17 State income tax <b>1,450.00</b>		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

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

**2011**

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 <b>FIRST MORTGAGE COMPANY 9800 STONEHILL WAY YOUR CITY, STATE ZIP</b>		* 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. 1545-0901 <b>2011</b> Form <b>1098</b>		<b>Mortgage Interest Statement</b>	
RECIPIENT'S federal identification no. <b>37-6XXXXXX</b>		PAYER'S social security number <b>208-XX-XXXX</b>		1 Mortgage interest received from payer(s)/borrower(s)* <b>\$ 6,252.00</b>		<b>Copy B For Payer/Borrower</b> 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 or for these points or because you did not report this refund of interest on your return.	
PAYER'S/BORROWER'S name <b>EVAN JAMES DAWSON</b>		2 Points paid on purchase of principal residence <b>\$</b>		3 Refund of overpaid interest <b>\$</b>			
Street address (including apt. no.) <b>847 MESA AVE</b>		4 Mortgage insurance premiums <b>\$ 704.00</b>		5 <b>Real Estate Tax: \$2,294</b>			
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>							
Account number (see instructions)							
Form <b>1098</b>		(keep for your records)		Department of the Treasury - Internal Revenue Service			

CORRECTED

FILER'S name, street address, city, state, ZIP code, and telephone number <b>BROWN COLLEGE 10 COLLEGE AVE YOUR CITY, STATE ZIP</b>		1 Payments received for qualified tuition and related expenses <b>\$ 11,800.00</b>	OMB No. 1545-1574 <b>2011</b> Form <b>1098-T</b>	<b>Tuition Statement</b>
FILER'S federal identification no. <b>37-7XXXXXX</b>		2 Amounts billed for qualified tuition and related expenses <b>\$</b>	3 If this box is checked, your educational institution has changed its reporting method for 2011 <input type="checkbox"/>	
STUDENT'S name <b>NOAH RYAN DAWSON</b>		4 Adjustments made for a prior year <b>\$</b>	5 Scholarships or grants <b>\$ 11,800.00</b>	<b>Copy B For Student</b>  This is important tax information and is being furnished to the Internal Revenue Service.
STUDENT'S social security number <b>209-XX-XXXX</b>		6 Adjustments to scholarships or grants for a prior year <b>\$</b>	7 Checked if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2012 <input type="checkbox"/>	
Street address (including apt. no.) <b>847 MESA AVE</b>		8 Checked if at least half-time student <input checked="" type="checkbox"/>	9 Checked if a graduate student <input type="checkbox"/>	
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		10 Ins. contract reimb./refund <b>\$</b>		
Service Provider/Acct. No. (see instr.)				

Form **1098-T**

(keep for your records)

Department of the Treasury - Internal Revenue Service

## Intermediate Scenario 3: Test Questions

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### Directions

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

5. What is Evan's minimum required repayment of his 2008 first-time homebuyer credit on his 2011 tax return?
  - a. \$0
  - b. \$500
  - c. \$7,000
  - d. \$7,500
  
6. The total deduction in the Gifts to Charity section of Evan's Schedule A is:
  - a. \$780
  - b. \$910
  - c. \$1,010
  - d. \$1,030
  
7. What is Evan's total deduction for taxes paid on Schedule A, line 9? \$\_\_\_\_\_
  
8. What is Evan's total interest deduction on Schedule A, line 15?
  - a. \$0
  - b. \$704
  - c. \$6,252
  - d. \$6,956
  
9. Evan **cannot** use the \$9,000 paid for Noah's room and board to compute the American opportunity credit. Why?
  - a. It was paid for with the proceeds of a student loan.
  - b. Noah could have lived at home or rented an apartment.
  - c. Noah is in his third year of college.
  - d. Room and board is not an eligible expense.
  
10. What is the **refundable** amount of American opportunity credit on Section III of Evan's Form 8863? \$\_\_\_\_\_

11. Which of Noah's education expenses would qualify for the **tuition and fees deduction**?
- a. He has no expenses that qualify for the tuition and fees deduction
  - b. Room and board \$9,000
  - c. Books \$634
  - d. Tuition \$11,800



## Intermediate Scenario 4: Andrew and Lily Albright

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### Taxpayer Documents

- Social Security cards for Andrew M. and Lily G. Albright
- Completed intake and interview sheet
- Form W-2 for Andrew Albright
- Form 1099-DIV
- Form 1099-MISC for Lily Albright
- Form 1099-R for Andrew Albright
- Form 1098-E

### Interview Notes

- Andrew and Lily Albright are married and want to file jointly.
- Andrew and Lily did not itemize on their 2010 tax return.
- Andrew retired as a high-school teacher in 2007 and teaches creative writing classes part-time at a community college.
- Lily is self-employed as a hair stylist. She works at Pinky's, where she rents a station. One day a week, she works at Pinky's in the morning and then drives to the senior center to do hair for the residents.
- Lily is a cash-basis taxpayer who materially participates in the operation of her business. Lily did not make any payments that would require her to file Form 1099.
- She received a 1099-MISC for \$19,800 from Pinky's, and had an additional \$4,000 cash income in tips and payments from the senior center. She had no other business income.
- She has a mileage log showing 5,000 miles for 2011:
  - 4,750 miles from home to work and return each day: 2,500 miles before July 1, 2011, and 2,250 miles after June 30, 2011.
  - 250 miles from Pinky's to the senior center: 130 miles before July 1, 2011 and 120 miles after June 30, 2011
- The total mileage on her car for 2011 was 11,000 miles. She placed her car in service on January 6, 2006. She always takes the standard mileage rate. Lily's car and Andrew's car were both available for personal use.
- Lily has records for other expenses relating to her business:
  - Hair stylist's station rental: \$6,000
  - Supplies: \$2,500
  - Car repair: \$475
  - Business liability insurance: \$950
  - Tolls paid on the way to the senior center: \$60
  - Business license: \$50
  - On workdays, Lily spent about \$10 a day on her lunch, totaling \$2,300 for the year.

- Lily uses business code 821112.
- Lily is repaying a student loan she took out several years ago to finance her vocational education. The school is an eligible educational institution.
- They paid real estate taxes on their personal residence of \$5,050.
- Assume the Albrights will deduct state income tax instead of general sales tax.
- The Albrights improved their home by replacing their furnace with a natural gas model that meets the new energy-efficiency standards. The furnace cost \$5,000 plus \$1,200 for installation. They have never claimed a residential energy credit in any prior year.



**Intake/Interview & Quality Review Sheet**

**Section A. You should complete Pages 1-3**

Thank you for allowing us to prepare your tax return. **You are responsible for the information on your return so please provide complete and accurate information to the certified tax preparer.** If you have any questions please ask your preparer.

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as a valid drivers license or other government issued picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>ANDREW</b>	M. I. <b>M</b>	Last Name <b>ALBRIGHT</b>	Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Spouse's First Name <b>LILY</b>	M. I. <b>G</b>	Last Name <b>ALBRIGHT</b>	Is spouse a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing Address <b>1551 CONCORD CIRCLE</b>	Apt#	City <b>YOUR CITY</b>	State <b>YS</b>	Zip Code <b>YOUR ZIP</b>
4. Contact Information Phone: <b>YOUR PHONE #</b> Cell Phone: E-mail: <b>NONE</b>				
5. Your Date of Birth <b>03/17/1949</b>	6. Your Job Title <b>PROFESSOR</b>	Are you:	7. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9. Spouse's Date of Birth <b>11/22/1950</b>	10. Spouse's Job Title <b>HAIR STYLIST</b>	Is Spouse:	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. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure				

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

1. As of December 31, 2011, were you?
- Single
- Married: Did you live with your spouse during any part of the last six months of 2011?  Yes  No
- Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_
- Widowed: Year of spouse's death: \_\_\_\_\_

2. List names below of everyone who lived in your home in 2011 (other than you or spouse). Also list anyone who lived outside of your home that you supported during 2011. If additional space is needed please check here  and list on page 3.

Name (first, last) Do not enter your name or spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. daughter, son, mother, sister, none)	Number of months lived in your home in 2011	US Citizen or resident of the US, Canada or Mexico in 2011 (yes/no)	Marital Status as of 12/31/11 (S/M)	Full-time student in 2011 (yes/no)	Received less than \$3700 income in 2011 (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)

- **Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.**
- **To report unethical behavior to IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205.**

**To check the status of your REFUND visit "Where's My Refund?" on [www.irs.gov](http://www.irs.gov) or call 1-800-829-1954 for assistance.**

**Section A. Please complete – check Yes, No or Unsure to all questions below. Please ask if you need help.**

**Part III. Income – In 2011, did you (or your spouse) receive:**

**Yes No Unsure**

1. Wages or Salary? (Form W-2)
2. Tip Income?
3. Scholarships? (Forms W-2, 1098-T)
4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
5. Refund of state/local income taxes? (Form 1099-G)
6. Alimony Income?
7. Self-Employment payments (such as cash received for services, small business)? (Form 1099-MISC)
8. Income (or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Forms 1099-S, 1099-B)
9. Disability Income (such as payments from insurance or workers compensation)? (Forms 1099-R, W-2)
10. Distributions from Pensions, Annuities, and/or IRA? (Form 1099-R)
11. Unemployment Compensation? (Form 1099-G)
12. Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
13. Income (or loss) from Rental Property?
14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: \_\_\_\_\_ (Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2011 Did you (or your spouse) pay:**

**Yes No Unsure**

1. Alimony: If yes, do you have the recipient's SSN?  Yes  No
2. Contributions to a retirement account?  IRA  Roth IRA  401K  Other
3. Educational expenses paid for yourself, spouse or dependents, such as tuitions, books, fees, etc.? (Form 1098-T)
4. Unreimbursed employee business expenses (such as teacher supplies, uniforms or mileage)?
5. Medical expenses (including health insurance premiums)?
6. Home mortgage interest? (Form 1098)
7. Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
8. Charitable contributions?
9. Child/dependent care expenses, such as day-care?

**Part V. Life Events – In 2011 Did you (or your spouse):**

**Yes No Unsure**

1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form 1099-C)
3. Buy, sell or have a foreclosure of your home? (Form 1099-A)
4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? \_\_\_\_\_
5. Purchase and install energy efficient home items (such as windows, furnace, insulation, etc.)?
6. Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
7. Receive the First Time Homebuyers Credit in 2008?
8. Pay any student loan interest? (Form 1098-E)
9. Make estimated tax payments or apply last year's refund to your 2011 tax? If so how much? \_\_\_\_\_
10. Attend school as a full time student? (Form 1098-T)
11. Adopt a child?
12. File a 2010 federal tax return containing a "capital loss carryover" on Form 1040 Schedule D?

**Presidential Election Campaign Fund:** (If you check a box, your tax or refund will not change.)

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

Catalog Number 52121E

Form **13614-C** (Rev. XX-XXXX)

2



**Section B. For Certified Volunteer Preparer Completion**

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1, 2 & 3 is complete. All questions must be discussed with the taxpayer and all "Unsure" responses should be changed to "Yes" or "No".

**Must be completed by Certified Volunteer only if persons are listed in Part II Question 2**

**Check if persons are listed in Part II Question 2**

- Yes  No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? **If yes, which ones:**  
\_\_\_\_\_
- Yes  No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? **If yes, which ones:**  
\_\_\_\_\_
- Yes  No 3. Did any of the persons listed in Part II, Question 2 provide more than 50% of their own support? **If yes, which ones:**  
\_\_\_\_\_
- Yes  No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? **If yes, which ones:**  
 N/A  
\_\_\_\_\_
- Yes  No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? **If yes, which ones:**  
\_\_\_\_\_

**Reminders**

Use Publication 4012, *Volunteer Resource Guide* and Publication 17, *Your Federal Income Tax* in making tax law determinations.

**Additional Tax Preparer Notes:**


\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Section C. For Certified Quality Reviewer Completion**

**Confirm each item after reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer.**

- 1. Sections A & B of this form are complete.
- 2. Taxpayer's identity, address and phone numbers were verified.
- 3. Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents match the supporting documents.
- 4. Filing Status is correctly determined.
- 5. Personal and Dependency Exemptions are entered correctly on the return.
- 6. All information shown on source documents and noted in Section A, Part III is included on the tax return.
- 7. Any Adjustments to Income are correctly reported.
- 8. Standard, Additional or Itemized Deductions are correct.
- 9. All credits are correctly reported.
- 10. Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
- All tax law issues above have been addressed and necessary changes have been made.
- If direct deposit or debit was elected, checking/saving account and routing information match the supporting documents.
- Correct SIDN and EFIN are shown on the return.



a Employee's social security number <b>220-XX-XXXX</b>		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile		
b Employer identification number (EIN) <b>38-5XXXXXX</b>		1 Wages, tips, other compensation <b>10,403.00</b>	2 Federal income tax withheld <b>540.00</b>			
c Employer's name, address, and ZIP code <b>WEST COAST COMMUNITY COLLEGE 1001 SCRIPPS ST YOUR CITY, STATE ZIP</b>		3 Social security wages <b>10,403.00</b>	4 Social security tax withheld <b>437.00</b>			
		5 Medicare wages and tips <b>10,403.00</b>	6 Medicare tax withheld <b>151.00</b>			
		7 Social security tips	8 Allocated tips			
d Control number		9	10 Dependent care benefits			
e Employee's first name and initial Last name Suff. <b>ANDREW M. ALBRIGHT 1551 CONCORD CIRCLE YOUR CITY, STATE ZIP</b>		11 Nonqualified plans		12a See instructions for box 12		
		13 Statutory employee <input type="checkbox"/>	Retirement plan <input type="checkbox"/>	Third-party sick pay <input type="checkbox"/>	12b	
		14 Other		12c		12d
		f Employee's address and ZIP code				
15 State Employer's state ID number <b>YS 42-1XXXXXX</b>	16 State wages, tips, etc. <b>10,403.00</b>	17 State income tax <b>1,181.00</b>	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form **W-2** Wage and Tax Statement **2011** 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. <b>INTERNATIONAL VALUE FUNDS 623 KING PLACE YOUR CITY, STATE ZIP</b>		1a Total ordinary dividends \$ <b>881.00</b>	OMB No. 1545-0110 <b>2011</b> Form 1099-DIV	<b>Dividends and Distributions</b>
PAYER'S federal identification number <b>38-6XXXXXX</b>		1b Qualified dividends \$ <b>600.00</b>		
RECIPIENT'S name <b>ANDREW M. ALBRIGHT</b>	RECIPIENT'S identification number <b>220-XX-XXXX</b>	2a Total capital gain distr. \$ <b>125.00</b>	2b Unrecap. Sec. 1250 gain \$	<b>Copy B For Recipient</b>  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.) <b>1551 CONCORD CIRCLE</b>	2c Section 1202 gain \$	2d Collectibles (28%) gain \$	3 Nondividend distributions \$	
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>	4 Federal income tax withheld \$	5 Investment expenses \$	6 Foreign tax paid \$ <b>20.00</b>	
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. <b>PINKY'S 8009 PIKE CIR YOUR CITY, STATE ZIP</b>		1 Rents \$	OMB No. 1545-0115 <b>2011</b> Form <b>1099-MISC</b>	<b>Miscellaneous Income</b>	
PAYER'S federal identification number <b>38-7XXXXXX</b>		2 Royalties \$	3 Other income \$	4 Federal income tax withheld \$	<b>Copy B For Recipient</b>
RECIPIENT'S identification number <b>227-XX-XXXX</b>		5 Fishing boat proceeds \$	6 Medical and health care payments \$	8 Substitution payments in lieu of dividends or interest \$	
RECIPIENT'S name <b>LILY ALBRIGHT</b>		7 Nonemployee compensation \$ <b>19,800.00</b>	9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	10 Crop insurance 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.
Street address (including apt. no.) <b>1551 CONCORD CIRCLE</b>		11	12		
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		13 Excess golden parachute payments \$	14 Gross proceeds paid to an attorney \$		
Account number (see instructions)		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 <b>PASCO COUNTY SCHOOL DISTRICT 7261 EVERETT WAY YOUR CITY, STATE ZIP</b>		1 Gross distribution \$ <b>24,840.00</b>	OMB No. 1545-0119 <b>2011</b> Form <b>1099-R</b>	<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>	
PAYER'S federal identification number <b>38-8XXXXXX</b>		2a Taxable amount \$ <b>22,756.00</b>	2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>	
RECIPIENT'S identification number <b>220-XX-XXXX</b>		3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ <b>900.00</b>	<b>Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.</b>	
RECIPIENT'S name <b>ANDREW M. ALBRIGHT</b>		5 Employee contributions /Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$		
Street address (including apt. no.) <b>1551 CONCORD CIRCLE</b>		7 Distribution code(s) <b>7</b>	8 Other \$ %	This information is being furnished to the Internal Revenue Service.	
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		9a Your percentage of total distribution %	9b Total employee contributions \$		
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.	12 State tax withheld \$	13 State/Payer's state no. \$	14 State distribution \$
Account number (see instructions)		15 Local tax withheld \$	16 Name of locality \$	17 Local distribution \$	

Form **1099-R**

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

RECIPIENT'S/LENDER'S name, address, and telephone number <b>FINANCIAL AID PARTNERS</b> <b>666 LINCOLN</b> <b>YOUR CITY, STATE ZIP</b>			OMB No. 1545-1576 <b>2011</b> Form <b>1098-E</b>	<b>Student Loan Interest Statement</b>
RECIPIENT'S federal identification no. <b>38-9XXXXXX</b>	BORROWER'S social security number <b>227-XX-XXXX</b>	1 Student loan interest received by lender <b>\$ 2,745.00</b>		
BORROWER'S name <b>LILY G ALBRIGHT</b> <small>Street address (including apt. no.)</small> <b>1551 CONCORD CIRCLE</b> <small>City, state, and ZIP code</small> <b>YOUR CITY, STATE ZIP</b>				
Account number (see instructions)		2 If checked, box 1 does <b>not</b> include loan origination fees and/or capitalized interest for loans made before September 1, 2004 . . . . . <input type="checkbox"/>		

Form **1098-E**

(keep for your records)

Department of the Treasury - Internal Revenue Service

## Intermediate Scenario 4: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

12. Lily must use Schedule C to report her cash income. [Select answer (a) for this question.]
- a. True
  - b. False
13. What is the amount of Lily's gross income reported for her hair stylist business?  
\$ \_\_\_\_\_
14. Which item **cannot** be deducted by Lily as a business expense?
- a. Business license
  - b. Hair stylist's station rental
  - c. Tolls to get to the senior center
  - d. Lunch expenses
15. The deductible part of the self-employment tax can be taken as an adjustment to income on Form 1040, page 1.
- a. True
  - b. False
16. What is the total amount of the residential energy credit from Form 5695 for the Albrights? \$ \_\_\_\_\_
17. What is the amount the Albrights can take as a student loan interest deduction?
- a. \$2,745
  - b. \$2,500
  - c. \$1,373
  - d. \$0
18. How many business miles can be used to compute the deductible mileage expense for Lily's hair stylist business? \_\_\_\_\_

- 19.** What is the amount of the Albrights' foreign tax credit?
- a. \$0
  - b. \$20
  - c. \$125
  - d. \$600
- 20.** Lily says that they have a balance due on their return every year. One way to avoid this would be to make estimated tax payments during the tax year.
- a. True
  - b. False





### Directions

The first three 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: Jacob McPherson

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#### Interview Notes

Jacob sold some stock this year, and has come to you to prepare his tax return.

PDQ stock:

- Jacob inherited 200 shares of PDQ stock from his great-uncle Thomas who died on March 7, 2011.
- Great-uncle Thomas' basis was \$15 per share.
- The fair market value on the date of death was \$25 per share.
- Jacob sold 100 shares of PDQ on July 1, 2011.

ABC stock:

- On February 5, 2011, Jacob sold 200 shares of ABC stock, which he purchased in 1995.
- Jacob does not know the basis for his ABC stock, and the basis is not shown on the 1099-B he received from the broker.

### Advanced Scenario 1: Test Questions

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1. Jacob's holding period for his 2011 sale of inherited PDQ stock is long-term.
  - a. True
  - b. False
2. What is the cost or other basis of the inherited PDQ stock that Jacob sold in 2011?
  - a. \$1,500
  - b. \$2,500
  - c. \$3,000
  - d. \$5,000

3. If Jacob cannot determine the basis of his ABC stock, the IRS will deem the basis to be \$0.
- a. True
  - b. False



## Advanced Scenario 2: Ross and Mary Campbell

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### Interview Notes

- Ross and Mary will file a joint return.
- Ross and Mary purchased their home in 2004 for \$150,000.
- In 2006, Ross and Mary added a swimming pool at a cost of \$10,000.
- In 2009, they repaired the dishwasher at a cost of \$200.
- Ross and Mary lived in the house as their main home until they sold it on June 18, 2011.
- Ross and Mary sold the home for \$145,000 and received a Form 1099-S reporting the sale.
- Ross and Mary are U.S. citizens and have valid social security numbers.

### Advanced Scenario 2: Test Questions

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4. Which expenditures can Ross and Mary use to adjust the basis of their home?
  - a. None, their basis is their original purchase price.
  - b. The cost of the new pool.
  - c. The cost of the dishwasher repair.
  - d. The cost of the new pool and the cost of the dishwasher repair.
5. What is the amount of gain or loss Ross and Mary should report on the tax return?
  - a. The sale should be reported because a Form 1099-S was received, but the gain or loss is \$0
  - b. The sale should not be reported
  - c. Loss of \$15,000
  - d. Loss of \$15,200

## Advanced Scenario 3: Gabriella Lafayette

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### Interview Notes

- On January 3, 2011, Gabriella purchased 2,500 shares of the ABC mutual fund for \$15,000.
- On December 27, 2011, the fund paid a capital gain distribution of \$300 that was reinvested to purchase an additional 100 shares.
- The fund did not pay dividends.
- Gabriella received Form 1099-DIV reporting the capital gain distribution, and a year-end statement showing \$7,800 as the December 31, 2011, value of her 2,600 shares.
- This is Gabriella's only investment account and she did not sell any shares in 2011.

### Advanced Scenario 3: Test Questions

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6. The total basis of all Gabriella's ABC mutual fund shares held on December 31, 2011 is \$\_\_\_\_\_.
7. How should the loss in value of Gabriella's investment be reported?
  - a. She cannot claim any loss because no shares were sold.
  - b. She can deduct a \$7,500 capital loss on Form 1040, line 13.
  - c. She can deduct a \$7,200 capital loss on Form 1040, line 13.
  - d. Her loss is limited to a \$3,000 deduction on Form 1040, line 13.
8. Gabriella's capital gain distribution is not reportable because the shares were reinvested.
  - a. True
  - b. False

## Advanced Scenario 4: Nathan and Phoebe Wheeler

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### Taxpayer Documents

- Social security cards for Nathan Wheeler, Phoebe Wheeler, and Matthew Wheeler
- Completed intake and interview sheet
- Forms 1099-R for Nathan and Phoebe
- Consolidated brokerage statement (substitute Form 1099-B and Form 1099-DIV)
- Schedule K-1 from Essex Corporation

### Interview Notes

- Nathan and Phoebe want to file a joint tax return.
- Nathan retired and started receiving his pension of \$2,000 per month in March 2011.
- Nathan's pension plan is a qualified plan, and he received benefits under a joint and survivor annuity, to be paid over the joint lives of Nathan and Phoebe.
- Nathan contributed \$18,000 to the plan and did not receive any distributions before his annuity starting date.
- Phoebe receives disability payments from her former employer. Phoebe has not yet reached the minimum retirement age for the employer.
- Nathan won \$2,500 at a poker tournament. He calculated his losses through the year as \$2,100. No Form W-2G was issued.
- Nathan and Phoebe received a K-1 from an S corporation, reporting interest income.
- They sold some stock in 2011. They brought the consolidated broker's statement.
- Nathan and Phoebe brought a copy of their 2010 tax return to show you they have a long-term capital loss carryover of \$375.
- Nathan and Phoebe will not itemize for 2011.
- The Wheelers have never had EIC disallowed.



**Intake/Interview & Quality Review Sheet**

**Section A. You should complete Pages 1-3**

Thank you for allowing us to prepare your tax return. **You are responsible for the information on your return so please provide complete and accurate information to the certified tax preparer.** If you have any questions please ask your preparer.

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as a valid drivers license or other government issued picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>NATHAN</b>	M. I.	Last Name <b>WHEELER</b>	Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Spouse's First Name <b>PHOEBE</b>	M. I.	Last Name <b>WHEELER</b>	Is spouse a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing Address <b>388 NASH</b>	Apt#	City <b>YOUR CITY</b>	State <b>YS</b>	Zip Code <b>YOUR ZIP</b>
4. Contact Information Phone: <b>YOUR PHONE #</b> Cell Phone: E-mail: <b>NONE</b>				
5. Your Date of Birth <b>01/11/1949</b>	6. Your Job Title <b>RETIRED</b>	Are you:		7. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Spouse's Date of Birth <b>06/26/1960</b>	10. Spouse's Job Title <b>DISABLED</b>	Is Spouse:		11. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		12. Totally and Permanently Disabled		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
13. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure				

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

1. As of December 31, 2011, were you?

Single

Married: Did you live with your spouse during any part of the last six months of 2011?  Yes  No

Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_

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

2. List names below of everyone who lived in your home in 2011 (other than you or spouse). Also list anyone who lived outside of your home that you supported during 2011. If additional space is needed please check here  and list on page 3.

Name (first, last) Do not enter your name or spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. daughter, son, mother, sister, none)	Number of months lived in your home in 2011	US Citizen or resident of the US, Canada or Mexico in 2011 (yes/no)	Marital Status as of 12/31/11 (S/M)	Full- time student in 2011 (yes/no)	Received less than \$3700 income in 2011 (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>MATTHEW WHEELER</b>	<b>02/03/94</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>YES</b>

- **Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.**
- **To report unethical behavior to IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205.**

**To check the status of your REFUND visit "Where's My Refund?" on [www.irs.gov](http://www.irs.gov) or call 1-800-829-1954 for assistance.**

**Section A. Please complete – check Yes, No or Unsure to all questions below. Please ask if you need help.**

**Part III. Income – In 2011, did you (or your spouse) receive:**

**Yes No Unsure**

1. Wages or Salary? (Form W-2)
2. Tip Income?
3. Scholarships? (Forms W-2, 1098-T)
4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
5. Refund of state/local income taxes? (Form 1099-G)
6. Alimony Income?
7. Self-Employment payments (such as cash received for services, small business)? (Form 1099-MISC)
8. Income (or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Forms 1099-S, 1099-B)
9. Disability Income (such as payments from insurance or workers compensation)? (Forms 1099-R, W-2)
10. Distributions from Pensions, Annuities, and/or IRA? (Form 1099-R)
11. Unemployment Compensation? (Form 1099-G)
12. Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
13. Income (or loss) from Rental Property?
14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: SCH K-1 & GAMBLING  
(Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2011 Did you (or your spouse) pay:**

**Yes No Unsure**

1. Alimony: If yes, do you have the recipient's SSN?  Yes  No
2. Contributions to a retirement account?  IRA  Roth IRA  401K  Other
3. Educational expenses paid for yourself, spouse or dependents, such as tuitions, books, fees, etc.? (Form 1098-T)
4. Unreimbursed employee business expenses (such as teacher supplies, uniforms or mileage)?
5. Medical expenses (including health insurance premiums)?
6. Home mortgage interest? (Form 1098)
7. Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
8. Charitable contributions?
9. Child/dependent care expenses, such as day-care?

**Part V. Life Events – In 2011 Did you (or your spouse):**

**Yes No Unsure**

1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form 1099-C)
3. Buy, sell or have a foreclosure of your home? (Form 1099-A)
4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? \_\_\_\_\_
5. Purchase and install energy efficient home items (such as windows, furnace, insulation, etc.)?
6. Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
7. Receive the First Time Homebuyers Credit in 2008?
8. Pay any student loan interest? (Form 1098-E)
9. Make estimated tax payments or apply last year's refund to your 2011 tax? If so how much? \_\_\_\_\_
10. Attend school as a full time student? (Form 1098-T)
11. Adopt a child?
12. File a 2010 federal tax return containing a "capital loss carryover" on Form 1040 Schedule D?

**Presidential Election Campaign Fund:** (If you check a box, your tax or refund will not change.)

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

Catalog Number 52121E

Form **13614-C** (Rev. XX-XXXX)

2





**Section B. For Certified Volunteer Preparer Completion**

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1, 2 & 3 is complete. All questions must be discussed with the taxpayer and all "Unsure" responses should be changed to "Yes" or "No".

**Must be completed by Certified Volunteer only if persons are listed in Part II Question 2**

**Check if persons are listed in Part II Question 2**

- Yes  No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 3. Did any of the persons listed in Part II, Question 2 provide more than 50% of their own support? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? **If yes, which ones:**  
 N/A  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_

**Reminders**

Use Publication 4012, *Volunteer Resource Guide* and Publication 17, *Your Federal Income Tax* in making tax law determinations.

**Additional Tax Preparer Notes:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Section C. For Certified Quality Reviewer Completion**

**Confirm each item after reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer.**

- 1. Sections A & B of this form are complete.
  - 2. Taxpayer's identity, address and phone numbers were verified.
  - 3. Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents match the supporting documents.
  - 4. Filing Status is correctly determined.
  - 5. Personal and Dependency Exemptions are entered correctly on the return.
  - 6. All information shown on source documents and noted in Section A, Part III is included on the tax return.
  - 7. Any Adjustments to Income are correctly reported.
  - 8. Standard, Additional or Itemized Deductions are correct.
  - 9. All credits are correctly reported.
  - 10. Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
- All tax law issues above have been addressed and necessary changes have been made.
- If direct deposit or debit was elected, checking/saving account and routing information match the supporting documents.
- Correct SIDN and EFIN are shown on the return.



CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code <b>MOTHER GOOSE NURSERY 907 STARR YOUR CITY, STATE ZIP</b>		<b>1</b> Gross distribution <b>\$ 5,000.00</b>	OMB No. 1545-0119 <b>2011</b>		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>
		<b>2a</b> Taxable amount <b>\$ 5,000.00</b>	Form <b>1099-R</b>		
		<b>2b</b> Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>		<b>Copy B</b> Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.  This information is being furnished to the Internal Revenue Service.
PAYER'S federal identification number <b>40-0XXXXXX</b>	RECIPIENT'S identification number <b>310-XX-XXXX</b>	<b>3</b> Capital gain (included in box 2a) \$	<b>4</b> Federal income tax withheld <b>\$ 0.00</b>		
RECIPIENT'S name <b>PHOEBE WHEELER</b>		<b>5</b> Employee contributions /Designated Roth contributions or insurance premiums \$	<b>6</b> Net unrealized appreciation in employer's securities \$		
Street address (including apt. no.) <b>388 NASH</b>		<b>7</b> Distribution code(s) <b>3</b>	IRA/SEP/SIMPLE <input type="checkbox"/>	<b>8</b> Other \$ %	
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>9a</b> Your percentage of total distribution %	<b>9b</b> Total employee contributions \$ %		
<b>10</b> Amount allocable to IRR within 5 years \$	<b>11</b> 1st year of desig. Roth contrib.	<b>12</b> State tax withheld \$	<b>13</b> State/Payer's state no.	<b>14</b> State distribution \$	
Account number (see instructions)		<b>15</b> Local tax withheld \$	<b>16</b> Name of locality	<b>17</b> 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 <b>SOUTHEAST ISD 1809 QUINCY YOUR CITY, STATE ZIP</b>		<b>1</b> Gross distribution <b>\$ 20,000.00</b>	OMB No. 1545-0119 <b>2011</b>		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>
		<b>2a</b> Taxable amount \$	Form <b>1099-R</b>		
		<b>2b</b> Taxable amount not determined <input checked="" type="checkbox"/>	Total distribution <input type="checkbox"/>		<b>Copy B</b> Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.  This information is being furnished to the Internal Revenue Service.
PAYER'S federal identification number <b>40-1XXXXXX</b>	RECIPIENT'S identification number <b>316-XX-XXXX</b>	<b>3</b> Capital gain (included in box 2a) \$	<b>4</b> Federal income tax withheld \$		
RECIPIENT'S name <b>NATHAN WHEELER</b>		<b>5</b> Employee contributions /Designated Roth contributions or insurance premiums \$	<b>6</b> Net unrealized appreciation in employer's securities \$		
Street address (including apt. no.) <b>338 NASH</b>		<b>7</b> Distribution code(s) <b>7</b>	IRA/SEP/SIMPLE <input type="checkbox"/>	<b>8</b> Other \$ %	
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>9a</b> Your percentage of total distribution %	<b>9b</b> Total employee contributions <b>\$ 18,000.00</b>		
<b>10</b> Amount allocable to IRR within 5 years \$	<b>11</b> 1st year of desig. Roth contrib.	<b>12</b> State tax withheld \$	<b>13</b> State/Payer's state no.	<b>14</b> State distribution \$	
Account number (see instructions)		<b>15</b> Local tax withheld \$	<b>16</b> Name of locality	<b>17</b> Local distribution \$	

Form **1099-R**

Department of the Treasury - Internal Revenue Service

Year-end Statement for:  
**Nathan and Phoebe Wheeler**  
388 Nash  
Your City, State, ZIP  
316-XX-XXXX

12/31/2011  
**ABC Investments, Inc.**  
456 Main Street  
Your City, State, ZIP  
FEIN: 40-2XXXXXX

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**SALES (Substitute 1099-B)**

Description (Box 9)	200 shares XYZ stock	250 shares ABC stock
Date of Sale (Box 1a)	2/1/2011	2/1/2011
Date of Acquisition (Box 1b)	3/23/2000	9/16/2010
Sales Price less commission (Box 2)	\$3,175.00	\$3,250.00
Cost or other basis (Box 3)	\$2,000.00	\$3,750.00
Federal Withholding (Box 4)	\$0.00	\$0.00
Non-covered securities (Box 6)	X	X
Type of Gain or Loss (Box 8)	L	S

---

**DIVIDENDS (Substitute 1099-DIV)**

Payer	ABC Investments, Inc.
Ordinary Dividend (Box 1a)	\$300.00
Qualifying Dividend (Box 1b)	\$300.00
Capital Gain Distribution (Box 2a)	\$50.00
Federal Withholding (Box 4)	\$0.00
Foreign Tax Paid (Box 6)	\$0.00

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**INTEREST (Substitute 1099-INT)**

Payer	ABC Investments, Inc.
Interest Income (Box 1)	\$0.00
Early Withdrawal Penalty (Box 2)	\$0.00
Interest on US Savings Bond (Box 3)	\$0.00
Federal Withholding (Box 4)	\$0.00

**Schedule K-1  
(Form 1120S)**  
Department of the Treasury  
Internal Revenue Service

**2011**

For calendar year 2011, or tax  
year beginning \_\_\_\_\_, 2011  
ending \_\_\_\_\_, 20\_\_\_\_

Final K-1  Amended K-1 OMB No. 1545-0130

671111

**Shareholder's Share of Income, Deductions,  
Credits, etc.** ▶ See back of form and separate instructions.

<b>Part I Information About the Corporation</b>		<b>Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items</b>	
<b>A</b> Corporation's employer identification number <b>40-4XXXXXX</b>		<b>1</b> Ordinary business income (loss)	<b>13</b> Credits
<b>B</b> Corporation's name, address, city, state, and ZIP code <b>ESSEX CORPORATION 300 MARK STREET YOUR CITY, STATE ZIP</b>		<b>2</b> Net rental real estate income (loss)	
<b>C</b> IRS Center where corporation filed return		<b>3</b> Other net rental income (loss)	
		<b>4</b> Interest income	<b>160</b>
		<b>5a</b> Ordinary dividends	
		<b>5b</b> Qualified dividends	<b>14</b> Foreign transactions
		<b>6</b> Royalties	
		<b>7</b> Net short-term capital gain (loss)	
		<b>8a</b> Net long-term capital gain (loss)	
		<b>8b</b> Collectibles (28%) gain (loss)	
		<b>8c</b> Unrecaptured section 1250 gain	
<b>D</b> Shareholder's identifying number <b>316-XX-XXXX</b>		<b>9</b> Net section 1231 gain (loss)	
<b>E</b> Shareholder's name, address, city, state, and ZIP code <b>NATHAN WHEELER 388 NASH YOUR CITY, STATE ZIP</b>		<b>10</b> Other income (loss)	<b>15</b> Alternative minimum tax (AMT) items
<b>F</b> Shareholder's percentage of stock ownership for tax year _____ %			
<b>For IRS Use Only</b>		<b>11</b> Section 179 deduction	<b>16</b> Items affecting shareholder basis
		<b>12</b> Other deductions	
			<b>17</b> Other information
		* See attached statement for additional information.	

For Paperwork Reduction Act Notice, see Instructions for Form 1120S.

Cat. No. 11520D

Schedule K-1 (Form 1120S) 2011

## Advanced Scenario 4: Test Questions

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### Directions

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

9. The sale of ABC stock is:
  - a. Not reported on the tax return
  - b. A capital gain distribution
  - c. A long-term transaction
  - d. A short-term transaction
  
10. What is the net capital gain (or loss) that appears on Form 1040, line 13?
  - a. \$350
  - b. \$675
  - c. \$1,175
  - d. \$1,225
  
11. The disability income from Phoebe's Form 1099-R should be reported as pension income on Form 1040, line 16b.
  - a. True
  - b. False
  
12. Where on the tax return should the interest income from Schedule K-1 (Form 1120S) appear?
  - a. Form 1040, line 8a
  - b. Form 1040, line 12
  - c. Form 1040, line 17
  - d. Form 1040, line 21
  
13. What amount of earned income, if any, is used to compute the Wheelers' EIC?  
\$ \_\_\_\_\_

14. How much of the \$20,000 gross distribution reported on Nathan's Form 1099-R is taxable in 2011?
- a. \$19,308
  - b. \$19,400
  - c. \$19,500
  - d. \$20,000
15. What should Nathan report as gambling income on Form 1040, line 21?
- a. \$400
  - b. \$2,100
  - c. \$2,500
  - d. Nothing, because no Form W-2G was issued



## 2012 6744 Test – Military Course

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### Directions

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

### Military Scenario 1: Benjamin and Avery Merrimack

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#### Interview Notes

- Benjamin and Avery live in Denver, Colorado, where Benjamin joined the Air Force. He finished his training and will be stationed in Tucson, Arizona, for two years. This is a permanent change of station (PCS).
- They decided to make a Do It Yourself (DITY) move and save money.
- On June 4, Benjamin and Avery packed all their belongings and began driving from Denver to Tucson. On the way, they made a side trip to the Grand Canyon to see the sights. Their trip took a total of six days and five nights instead of the authorized two days and one night.
- Their move was estimated to cost \$6,000, and the Air Force provided \$5,700 in advance.
- The Merrimacks drove a total of 1,116 miles. The shortest, most direct route from Denver to Tucson is 900 miles. Their cost for the moving truck was \$3,000. Their cost for lodging was \$75 per night, which is considered a reasonable expense. Benjamin and Avery spent \$500 on food during the trip.
- Benjamin and Avery are U.S. citizens and have valid social security numbers.

### Military Scenario 1: Test Question

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1. The difference between the advance payment of \$5,700 and the qualified moving expenses is taxable.
  - a. True
  - b. False
2. What is the total amount of qualified moving expenses?
  - a. \$3,000
  - b. \$3,246
  - c. \$3,546
  - d. \$4,046

## Military Scenario 2: Lucas and Katarina Benton

---

### Taxpayer Documents

- Social security cards for Lucas and Katarina Benton
- Completed intake and interview sheet
- Two Forms W-2 for Katarina Benton
- Form 1099-R for Lucas Benton

### Interview Notes

- Lucas and Katarina want to file a joint return.
- Katarina is a computer programmer and a member of the Army Reserve.
- Katarina attended weekend Army Reserve training sessions over 100 miles away from home each month for the first five months of the year. The expenses were not reimbursed. Total expenses for the five-month period were:
  - Mileage: 2,300 based on written records
  - Vehicle: Katarina and Lucas own two vehicles and both are available for personal use
  - Vehicle placed in service 7/1/2010. Total mileage in 2011 for Katarina's car is 9,000 miles which included 6,700 other miles.
  - Lodging: \$770 (within federal per diem rate for the area)
  - Meals: \$420 (within federal per diem rate for the area)
- Lucas retired on December 31, 2010, and began drawing a monthly pension in January 2011. He received benefits under a joint and survivor annuity.
- Katarina owns rental property, which she placed into service in 2004.
  - Rental property: Katarina is an active participant
    - Townhouse, 1000 Sunshine Street, Your City, Your State
    - Purchased property: 04/30/2004
    - Rented: 1/1/2011–12/31/2011
    - Annual rental income: \$8,400
    - Annual real estate taxes: \$1,200
    - Management company fees for the time the property was rented: \$420
    - Air conditioner repair: 3/15/2011, \$350
    - Depreciation (from last year's tax return): \$2,400
    - Katarina did not make any payments that would require her to file Form 1099
- Lucas and Katarina did not itemize last year and do not have enough deductions to itemize this year.



**Intake/Interview & Quality Review Sheet**

**Section A. You should complete Pages 1-3**

Thank you for allowing us to prepare your tax return. **You are responsible for the information on your return so please provide complete and accurate information to the certified tax preparer.** If you have any questions please ask your preparer.

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as a valid drivers license or other government issued picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>LUCAS</b>		M. I.	Last Name <b>BENTON</b>		Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Spouse's First Name <b>KATARINA</b>		M. I.	Last Name <b>BENTON</b>		Is spouse a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing Address <b>723 CARVER RD</b>		Apt#	City <b>YOUR CITY</b>		State <b>YS</b>	Zip Code <b>YOUR ZIP</b>
4. Contact Information Phone: <b>YOUR PHONE #</b> Cell Phone: _____ E-mail: <b>NONE</b>						
5. Your Date of Birth <b>05/09/1953</b>		6. Your Job Title <b>RETIRED</b>		7. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Spouse's Date of Birth <b>08/02/1966</b>		10. Spouse's Job Title <b>COMPUTER PROGRAMMER</b>		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. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure						

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

1. As of December 31, 2011, were you?

Single

Married: Did you live with your spouse during any part of the last six months of 2011?  Yes  No

Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_

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

2. List names below of everyone who lived in your home in 2011 (other than you or spouse). Also list anyone who lived outside of your home that you supported during 2011. If additional space is needed please check here  and list on page 3.

Name (first, last) Do not enter your name or spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. daughter, son, mother, sister, none)	Number of months lived in your home in 2011	US Citizen or resident of the US, Canada or Mexico in 2011 (yes/no)	Marital Status as of 12/31/11 (S/M)	Full- time student in 2011 (yes/no)	Received less than \$3700 income in 2011 (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)

- **Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.**
- **To report unethical behavior to IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205.**

**To check the status of your REFUND visit "Where's My Refund?" on [www.irs.gov](http://www.irs.gov) or call 1-800-829-1954 for assistance.**



**Section A. Please complete – check Yes, No or Unsure to all questions below. Please ask if you need help.**

**Part III. Income – In 2011, did you (or your spouse) receive:**

**Yes No Unsure**

1. Wages or Salary? (Form W-2)
2. Tip Income?
3. Scholarships? (Forms W-2, 1098-T)
4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
5. Refund of state/local income taxes? (Form 1099-G)
6. Alimony Income?
7. Self-Employment payments (such as cash received for services, small business)? (Form 1099-MISC)
8. Income (or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Forms 1099-S, 1099-B)
9. Disability Income (such as payments from insurance or workers compensation)? (Forms 1099-R, W-2)
10. Distributions from Pensions, Annuities, and/or IRA? (Form 1099-R)
11. Unemployment Compensation? (Form 1099-G)
12. Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
13. Income (or loss) from Rental Property?
14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: \_\_\_\_\_ (Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2011 Did you (or your spouse) pay:**

**Yes No Unsure**

1. Alimony: If yes, do you have the recipient's SSN?  Yes  No
2. Contributions to a retirement account?  IRA  Roth IRA  401K  Other
3. Educational expenses paid for yourself, spouse or dependents, such as tuitions, books, fees, etc.? (Form 1098-T)
4. Unreimbursed employee business expenses (such as teacher supplies, uniforms or mileage)?
5. Medical expenses (including health insurance premiums)?
6. Home mortgage interest? (Form 1098)
7. Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
8. Charitable contributions?
9. Child/dependent care expenses, such as day-care?

**Part V. Life Events – In 2011 Did you (or your spouse):**

**Yes No Unsure**

1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form 1099-C)
3. Buy, sell or have a foreclosure of your home? (Form 1099-A)
4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? \_\_\_\_\_
5. Purchase and install energy efficient home items (such as windows, furnace, insulation, etc.)?
6. Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
7. Receive the First Time Homebuyers Credit in 2008?
8. Pay any student loan interest? (Form 1098-E)
9. Make estimated tax payments or apply last year's refund to your 2011 tax? If so how much? \_\_\_\_\_
10. Attend school as a full time student? (Form 1098-T)
11. Adopt a child?
12. File a 2010 federal tax return containing a "capital loss carryover" on Form 1040 Schedule D?

**Presidential Election Campaign Fund:** (If you check a box, your tax or refund will not change.)

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

Catalog Number 52121E

Form **13614-C** (Rev. XX-XXXX)

2



**Section B. For Certified Volunteer Preparer Completion**

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1, 2 & 3 is complete. All questions must be discussed with the taxpayer and all "Unsure" responses should be changed to "Yes" or "No".

**Must be completed by Certified Volunteer only if persons are listed in Part II Question 2**

**Check if persons are listed in Part II Question 2**

- Yes  No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 3. Did any of the persons listed in Part II, Question 2 provide more than 50% of their own support? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? **If yes, which ones:**  
 N/A  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_

**Reminders**

Use Publication 4012, *Volunteer Resource Guide* and Publication 17, *Your Federal Income Tax* in making tax law determinations.


**Additional Tax Preparer Notes:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Section C. For Certified Quality Reviewer Completion**

**Confirm each item after reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer.**

- 1. Sections A & B of this form are complete.
- 2. Taxpayer's identity, address and phone numbers were verified.
- 3. Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents match the supporting documents.
- 4. Filing Status is correctly determined.
- 5. Personal and Dependency Exemptions are entered correctly on the return.
- 6. All information shown on source documents and noted in Section A, Part III is included on the tax return.
- 7. Any Adjustments to Income are correctly reported.
- 8. Standard, Additional or Itemized Deductions are correct.
- 9. All credits are correctly reported.
- 10. Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
- All tax law issues above have been addressed and necessary changes have been made.
- If direct deposit or debit was elected, checking/saving account and routing information match the supporting documents.
- Correct SIDN and EFIN are shown on the return.


a Employee's social security number <b>410-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>							
b Employer identification number (EIN) <b>40-5XXXXXX</b>				1 Wages, tips, other compensation <b>35,550.00</b>		2 Federal income tax withheld <b>4,425.00</b>									
c Employer's name, address, and ZIP code <b>WEST COMPUTER CENTER 5330 PORTER STE. 12 YOUR CITY, STATE ZIP</b>				3 Social security wages <b>35,550.00</b>		4 Social security tax withheld <b>1,493.00</b>									
				5 Medicare wages and tips <b>35,550.00</b>		6 Medicare tax withheld <b>515.00</b>									
				7 Social security tips		8 Allocated tips									
d Control number				9		10 Dependent care benefits									
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a See instructions for box 12							
<b>KATARINA V. BENTON 723 CARVER RD YOUR CITY, STATE ZIP</b>						13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b							
						14 Other		12c							
								12d							
f Employee's address and ZIP code				15 State Employer's state ID number <b>YS 40-5XXXXXX</b>		16 State wages, tips, etc. <b>35,550.00</b>		17 State income tax <b>1,777.00</b>		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

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

**2011**

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 <b>410-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a>							
b Employer identification number (EIN) <b>40-6XXXXXX</b>				1 Wages, tips, other compensation <b>5,322.00</b>		2 Federal income tax withheld <b>532.00</b>									
c Employer's name, address, and ZIP code <b>DFAS P.O. BOX 9999 IOWA CITY, IOWA 52240</b>				3 Social security wages <b>5,322.00</b>		4 Social security tax withheld <b>224.00</b>									
				5 Medicare wages and tips <b>5,322.00</b>		6 Medicare tax withheld <b>77.00</b>									
				7 Social security tips		8 Allocated tips									
d Control number				9		10 Dependent care benefits									
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a See instructions for box 12							
<b>KATARINA V. BENTON 723 CARVER RD YOUR CITY, STATE ZIP</b>						13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b							
						14 Other		12c							
								12d							
f Employee's address and ZIP code				15 State Employer's state ID number <b>YS 40-6XXXXXX</b>		16 State wages, tips, etc. <b>5,322.00</b>		17 State income tax <b>266.00</b>		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

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

**2011**

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 <b>EASTLAND INC 941 FREMONT AVE YOUR CITY, STATE ZIP</b>		<b>1</b> Gross distribution <b>\$ 32,200.00</b>	OMB No. 1545-0119 <b>2011</b> Form <b>1099-R</b>		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>
		<b>2a</b> Taxable amount <b>\$</b>	<b>2b</b> Taxable amount not determined <input checked="" type="checkbox"/> Total distribution <input type="checkbox"/>		
PAYER'S federal identification number <b>40-7XXXXXX</b>	RECIPIENT'S identification number <b>544-XX-XXXX</b>	<b>3</b> Capital gain (included in box 2a) <b>\$</b>	<b>4</b> Federal income tax withheld <b>\$ 3,220.00</b>		<b>Copy B</b> <b>Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.</b>  This information is being furnished to the Internal Revenue Service.
RECIPIENT'S name <b>LUCAS BENTON</b>  Street address (including apt. no.) <b>723 CARVER RD</b>  City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		<b>5</b> Employee contributions /Designated Roth contributions or insurance premiums <b>\$</b>	<b>6</b> Net unrealized appreciation in employer's securities <b>\$</b>		
		<b>7</b> Distribution code(s) <b>7</b>	IRA/SEP/SIMPLE <input type="checkbox"/>	<b>8</b> Other <b>\$</b> %	
		<b>9a</b> Your percentage of total distribution %	<b>9b</b> Total employee contributions <b>\$ 61,500.00</b>		
<b>10</b> Amount allocable to IRR within 5 years <b>\$</b>	<b>11</b> 1st year of desig. Roth contrib.	<b>12</b> State tax withheld <b>\$ 1,610.00</b>	<b>13</b> State/Payer's state no. <b>40-7XXXXXX</b>	<b>14</b> State distribution <b>\$</b>	
Account number (see instructions)		<b>15</b> Local tax withheld <b>\$</b>	<b>16</b> Name of locality	<b>17</b> Local distribution <b>\$</b>	

Form **1099-R**

Department of the Treasury - Internal Revenue Service

## Military Scenario 2: Test Questions

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### Directions

Please complete Form 1040 through line 37 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

3. Only Lucas' age is used in computing his taxable pension.
  - a. True
  - b. False
  
4. How much of the \$32,200 distribution from Form 1099-R is taxable?
  - a. \$29,362
  - b. \$29,819
  - c. \$30,400
  - d. \$32,200
  
5. The correct amount of total wages reported on Form 1040, line 7 is \$35,550.
  - a. True
  - b. False
  
6. The amount of rental real estate income on Form 1040 is \$\_\_\_\_\_.
  
7. Katarina can deduct her unreimbursed reservists' expenses as an adjustment to income because she travels over 100 miles for reservist training.
  - a. True
  - b. False
  
8. Katarina will use which of the following mileage rates when computing her Army reservist mileage for the period 1/1/2011-6/30/2011?
  - a. 19 cents per mile
  - b. 23.5 cents per mile
  - c. 51 cents per mile
  - d. 55.5 cents per mile
  
9. What are the total adjustments to gross income on Form 1040?
  - a. \$1,943
  - b. \$2,153
  - c. \$2,363
  - d. \$5,570



## Military Scenario 3: Sebastien and Michelle Decatur

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### Taxpayer Documents

- Social security cards for Sebastien, Michelle, Sam, and Jack Decatur
- Completed intake and interview sheet
- Form W-2 for Sebastien Decatur
- Form W-2 for Michelle Decatur
- Form 1099-INT from Western Bank and Trust
- Form 1099-B from Caldwell-Ferris Brokerage
- Voided check

### Interview Notes

- Sebastien and Michelle came to the site to file a tax return.
- Sebastien was deployed to Afghanistan for all of 2011.
- A&B Stock:
  - Michelle's uncle Bob died on 3/25/11 and she inherited 300 shares of stock
  - Bob's original cost basis was \$4,000
  - Fair market value of the inherited stock on 3/25/11 was \$8,000
- Michelle's mother watched the children when Michelle was at work.
- The Decaturs did not itemize in 2010, and they do not have enough deductions to itemize in 2011.



**Intake/Interview & Quality Review Sheet**

**Section A. You should complete Pages 1-3**

Thank you for allowing us to prepare your tax return. **You are responsible for the information on your return so please provide complete and accurate information to the certified tax preparer.** If you have any questions please ask your preparer.

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as a valid drivers license or other government issued picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>SEBASTIEN</b>		M. I. <b>R</b>	Last Name <b>DECATUR</b>		Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Spouse's First Name <b>MICHELLE</b>		M. I. <b>A</b>	Last Name <b>DECATUR</b>		Is spouse a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing Address <b>2005 MORGAN DRIVE</b>		Apt#	City <b>YOUR CITY</b>	State <b>YS</b>	Zip Code <b>YOUR ZIP</b>	
4. Contact Information Phone: <b>YOUR PHONE #</b> Cell Phone: E-mail: <b>NONE</b>						
5. Your Date of Birth <b>07/27/1982</b>		6. Your Job Title <b>MILITARY</b>		7. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Spouse's Date of Birth <b>06/06/1985</b>		10. Spouse's Job Title <b>CASHIER</b>		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. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure						

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

1. As of December 31, 2011, were you?  
 Single  
 Married: Did you live with your spouse during any part of the last six months of 2011?  Yes  No  
 Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_  
 Widowed: Year of spouse's death: \_\_\_\_\_

2. List names below of everyone who lived in your home in 2011 (other than you or spouse). Also list anyone who lived outside of your home that you supported during 2011. If additional space is needed please check here  and list on page 3.

Name (first, last) Do not enter your name or spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. daughter, son, mother, sister, none)	Number of months lived in your home in 2011	US Citizen or resident of the US, Canada or Mexico in 2011 (yes/no)	Marital Status as of 12/31/11 (S/M)	Full- time student in 2011 (yes/no)	Received less than \$3700 income in 2011 (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>SAM DECATUR</b>	<b>6/18/10</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>S</b>	<b>NO</b>	<b>YES</b>
<b>JACK DECATUR</b>	<b>1/16/04</b>	<b>SON</b>	<b>12</b>	<b>YES</b>	<b>S</b>	<b>YES</b>	<b>YES</b>

- **Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.**
- **To report unethical behavior to IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205.**

**To check the status of your REFUND visit "Where's My Refund?" on [www.irs.gov](http://www.irs.gov) or call 1-800-829-1954 for assistance.**



**Section A. Please complete – check Yes, No or Unsure to all questions below. Please ask if you need help.**

**Part III. Income – In 2011, did you (or your spouse) receive:**

**Yes No Unsure**

1. Wages or Salary? (Form W-2)
2. Tip Income?
3. Scholarships? (Forms W-2, 1098-T)
4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
5. Refund of state/local income taxes? (Form 1099-G)
6. Alimony Income?
7. Self-Employment payments (such as cash received for services, small business)? (Form 1099-MISC)
8. Income (or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Forms 1099-S, 1099-B)
9. Disability Income (such as payments from insurance or workers compensation)? (Forms 1099-R, W-2)
10. Distributions from Pensions, Annuities, and/or IRA? (Form 1099-R)
11. Unemployment Compensation? (Form 1099-G)
12. Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
13. Income (or loss) from Rental Property?
14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: \_\_\_\_\_ (Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2011 Did you (or your spouse) pay:**

**Yes No Unsure**

1. Alimony: If yes, do you have the recipient's SSN?  Yes  No
2. Contributions to a retirement account?  IRA  Roth IRA  401K  Other
3. Educational expenses paid for yourself, spouse or dependents, such as tuitions, books, fees, etc.? (Form 1098-T)
4. Unreimbursed employee business expenses (such as teacher supplies, uniforms or mileage)?
5. Medical expenses (including health insurance premiums)?
6. Home mortgage interest? (Form 1098)
7. Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
8. Charitable contributions?
9. Child/dependent care expenses, such as day-care?

**Part V. Life Events – In 2011 Did you (or your spouse):**

**Yes No Unsure**

1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form 1099-C)
3. Buy, sell or have a foreclosure of your home? (Form 1099-A)
4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? \_\_\_\_\_
5. Purchase and install energy efficient home items (such as windows, furnace, insulation, etc.)?
6. Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
7. Receive the First Time Homebuyers Credit in 2008?
8. Pay any student loan interest? (Form 1098-E)
9. Make estimated tax payments or apply last year's refund to your 2011 tax? If so how much? \_\_\_\_\_
10. Attend school as a full time student? (Form 1098-T)
11. Adopt a child?
12. File a 2010 federal tax return containing a "capital loss carryover" on Form 1040 Schedule D?

**Presidential Election Campaign Fund:** (If you check a box, your tax or refund will not change.)

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

Catalog Number 52121E

Form **13614-C** (Rev. xx-xxxx)

2



**Section B. For Certified Volunteer Preparer Completion**

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1, 2 & 3 is complete. All questions must be discussed with the taxpayer and all "Unsure" responses should be changed to "Yes" or "No".

**Must be completed by Certified Volunteer only if persons are listed in Part II Question 2**

**Check if persons are listed in Part II Question 2**

- Yes  No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 3. Did any of the persons listed in Part II, Question 2 provide more than 50% of their own support? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? **If yes, which ones:**  
 N/A  
\_\_\_\_\_  
\_\_\_\_\_
- Yes  No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? **If yes, which ones:**  
\_\_\_\_\_  
\_\_\_\_\_

**Reminders**

Use Publication 4012, *Volunteer Resource Guide* and Publication 17, *Your Federal Income Tax* in making tax law determinations.

**Additional Tax Preparer Notes:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Section C. For Certified Quality Reviewer Completion**

**Confirm each item after reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer.**

- 1. Sections A & B of this form are complete.
- 2. Taxpayer's identity, address and phone numbers were verified.
- 3. Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents match the supporting documents.
- 4. Filing Status is correctly determined.
- 5. Personal and Dependency Exemptions are entered correctly on the return.
- 6. All information shown on source documents and noted in Section A, Part III is included on the tax return.
- 7. Any Adjustments to Income are correctly reported.
- 8. Standard, Additional or Itemized Deductions are correct.
- 9. All credits are correctly reported.
- 10. Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
- All tax law issues above have been addressed and necessary changes have been made.
- If direct deposit or debit was elected, checking/saving account and routing information match the supporting documents.
- Correct SIDN and EFIN are shown on the return.

a Employee's social security number <b>420-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>40-6XXXXXX</b>		1 Wages, tips, other compensation		2 Federal income tax withheld					
c Employer's name, address, and ZIP code <b>DFAS P.O. BOX 9999 IOWA CITY, IOWA 52240</b>		3 Social security wages <b>25,950.00</b>		4 Social security tax withheld <b>1,090.00</b>					
		5 Medicare wages and tips <b>25,950.00</b>		6 Medicare tax withheld <b>376.00</b>					
		7 Social security tips		8 Allocated tips					
d Control number		9		10 Dependent care benefits					
e Employee's first name and initial Last name Suff. <b>SEBASTIEN R. DECATUR 2005 MORGAN DR YOUR CITY, STATE ZIP</b>		11 Nonqualified plans		12a See instructions for box 12 <b>Q</b>		<b>25,950.00</b>			
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b					
		14 Other		12c					
				12d					
f Employee's address and ZIP code									
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name			
<b>YS</b>	<b>40-6XXXXXX</b>								

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

**2011**

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 <b>421-XX-XXXX</b>		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>41-5XXXXXX</b>		1 Wages, tips, other compensation <b>4,700.00</b>		2 Federal income tax withheld					
c Employer's name, address, and ZIP code <b>ROCKDALE SUPERMARKET 454 NORTON DR YOUR CITY, STATE ZIP</b>		3 Social security wages <b>4,700.00</b>		4 Social security tax withheld <b>197.00</b>					
		5 Medicare wages and tips <b>4,700.00</b>		6 Medicare tax withheld <b>68.00</b>					
		7 Social security tips		8 Allocated tips					
d Control number		9		10 Dependent care benefits					
e Employee's first name and initial Last name Suff. <b>MICHELLE A. DECATUR 2005 MORGAN DR YOUR CITY, STATE ZIP</b>		11 Nonqualified plans		12a See instructions for box 12					
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b					
		14 Other		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			
<b>YS</b>	<b>41-5XXXXXX</b>	<b>4,700.00</b>							

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

**2011**

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. <b>WESTERN BANK AND TRUST 4210 BALLARD BLVD YOUR CITY, STATE ZIP</b>		Payer's RTN (optional)	OMB No. 1545-0112	
		1 Interest income <b>\$ 50.00</b>	<b>2011</b> Interest Income Form <b>1099-INT</b>	
		2 Early withdrawal penalty \$		
PAYER'S federal identification number <b>41-6XXXXXX</b>	RECIPIENT'S identification number <b>420-XX-XXXX</b>	3 Interest on U.S. Savings Bonds and Treas. obligations \$		<b>Copy B For Recipient</b> 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 <b>SEBASTIEN R. DECATUR</b>		4 Federal income tax withheld \$	5 Investment expenses \$	
Street address (including apt. no.) <b>2005 MORGAN DR</b>		6 Foreign tax paid \$	7 Foreign country or U.S. possession	
City, state, and ZIP code <b>YOUR CITY, STATE ZIP</b>		8 Tax-exempt interest \$	9 Specified private activity bond interest \$	
Account number (see instructions)		10 Tax-exempt bond CUSIP no. (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. <b>Caldwell-Ferris Brokerage 9300 Edgecliff Dr Atlanta, GA 30350</b>		1a Date of sale or exchange <b>4/25/2011</b>	OMB No. 1545-0715		
		1b Date of acquisition	<b>2011</b> Form <b>1099-B</b>		
		2 Sales price of stocks, bonds, etc. <b>\$ 8,200</b>			Reported to IRS } <input type="checkbox"/> Sales price <input checked="" type="checkbox"/> Sales price less commissions and option premiums
PAYER'S federal identification number <b>41-7XXXXXX</b>	RECIPIENT'S identification number <b>421-XX-XXXX</b>	3 Cost or other basis \$	4 Federal income tax withheld \$	<b>Copy B For Recipient</b> 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 <b>Michelle Decatur</b>		5 Wash sale loss disallowed \$	6 If this box is checked, boxes 1b, 3, 5, and 8 may be blank <input checked="" type="checkbox"/>		
Street address (including apt. no.) <b>2005 Morgan Dr</b>		7	8 Type of gain or loss Short-term <input type="checkbox"/> Long-term <input type="checkbox"/>		
City, state, and ZIP code <b>Your City, YS ZIP</b>		9 Description <b>300 shares A&amp;B Company</b>			
Account number (see instructions)		10 Profit or (loss) realized in 2011 on closed contracts \$	11 Unrealized profit or (loss) on open contracts—12/31/2010 \$		14 Bartering \$
CUSIP number		12 Unrealized profit or (loss) on open contracts—12/31/2011 \$	13 Aggregate profit or (loss) on contracts \$		15 If box checked, loss based on amount in box 2 is not allowed <input type="checkbox"/>

Form **1099-B**

(keep for your records)

Department of the Treasury - Internal Revenue Service

<b>Sebastien R. Decatur</b>	<b>1234</b>
<b>Michelle A. Decatur</b>	15-0000000000
2005 Morgan Drive	
Your City, State 00000	
	20
PAY TO THE ORDER OF	\$ <input type="text"/>
	DOLLARS
<b>Western Bank and Trust</b>	
Anytown, State 00000	
For	
: 111000025 : 123456789	1234

## Military Scenario 3: Test Questions

---

### Directions

Please complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

10. Michelle can file as Head of Household because Sebastien was deployed all year and had no taxable income.
  - a. True
  - b. False
  
11. The Decaturs could include combat pay as earned income for purposes of calculating EIC, if it results in a higher credit.
  - a. True
  - b. False
  
12. The Decaturs' EIC is \$1,890.
  - a. True
  - b. False
  
13. The amount of wages on Form 1040, line 7 is \$\_\_\_\_\_.
  
14. The holding period for the sale of stock is short term.
  - a. True
  - b. False
  
15. The amount of Michelle's capital gain on the inherited stock is \$4,200.
  - a. True
  - b. False







**Directions**

The first three 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.**

**International Scenario 1: Gary and Susanne Drake**

---

**Interview Notes**

- Gary is a U.S. citizen and has a valid social security number. Gary and Susanne are married and live in Switzerland.
- Susanne is a Swiss foreign national (citizen of Switzerland).
- Gary's total income was \$68,000.
- Susanne has an ITIN but had no income and has never lived in the U.S.
- Gary's 13-year-old daughter, Chloe, lives with them. Chloe's mother died in 2005. Chloe is a U.S. citizen and has a valid social security number.
- Susanne has a 6-year-old son, Spencer, who is a Swiss citizen. He lived with Gary and Susanne in Switzerland for all of 2011.
- Gary is not Spencer's father and has not adopted him.
- Gary provided all the financial support for Susanne, Chloe, and Spencer.

## International Scenario 1: Test Questions

---

1. Chloe is Gary's only qualifying person for the Head of Household filing status.
  - a. True
  - b. False
  
2. If Gary and Susanne **do not** file a joint return, can Gary claim a personal exemption for Susanne?
  - a. Yes, because Susanne is Chloe's stepmother.
  - b. Yes, because she has no income and cannot be claimed as a dependent by anyone else.
  - c. No, the only way Gary could claim Susanne's personal exemption is to file a joint return with her.
  - d. No, Susanne does not qualify for a personal exemption.
  
3. Can Gary claim Spencer as a dependent?
  - a. Yes, because Susanne does not have a filing requirement
  - b. Yes, because he is Gary's qualifying child
  - c. No, because Gary does not live in the U.S.
  - d. No, because he is not a U.S. citizen, U.S. resident alien, U.S. national, or resident of Canada or Mexico
  
4. Gary can claim a dependency exemption for Chloe.
  - a. True
  - b. False

## International Scenario 2: Sam and Karen Floyd

---

### Interview Notes

- Sam and Karen Floyd currently live in Frankfurt, Germany. They moved there on January 17, 2011, for Karen's temporary job assignment. They are U.S. citizens and have valid social security numbers.
- Neither Sam nor Karen work for the U.S. government.
- They left for a visit to the U.S. on September 5, 2011, and returned to Frankfurt on September 19, 2011.
- They also spent 14 days on a ski vacation in Austria in December.
- The home Sam and Karen own in the U.S. is being rented out. Sam and Karen live in an apartment in Frankfurt.

## International Scenario 2: Test Questions

---

5. The 14-day Austrian ski vacation counts toward the 330-day requirement for the physical presence test.
  - a. True
  - b. False
6. Which test qualifies Sam and Karen for the foreign earned income exclusion?
  - a. Physical presence test
  - b. Bona fide residence test
  - c. Both a and b
  - d. Sam and Karen are not eligible to exclude their foreign earned income

## International Scenario 3: John and Laura Morton

---

### Interview Notes

- John and Laura are married and plan to file a joint return.
- John's birth date is February 5, 1945.
- Laura's birth date is June 1, 1947.
- Laura retired on December 31, 2010, and began drawing a monthly pension in January 2011.
- The pension plan is a qualified plan and will be paid as a joint and survivor annuity over Laura's and John's lifetimes.
- The gross distribution reported on Form 1099-R for 2011 was \$22,400.
- The total employee contribution to the plan was \$62,000.
- John and Laura are U.S. citizens and have valid social security numbers.

### International Scenario 3: Test Questions

---

7. Only Laura's age is used to compute the taxable portion of her pension distribution.
  - a. True
  - b. False
8. How much of the \$22,400 distribution reported on Form 1099-R is taxable?
  - a. \$0
  - b. \$19,300
  - c. \$19,538
  - d. \$20,000

## International Scenario 4: David and Miriam Fulton

---

### Taxpayer Documents

- Social security cards for David and Miriam Fulton
- Completed intake and interview sheet
- Form W-2 for Miriam Fulton
- Form 1099-INT

### Interview Notes

- David and Miriam Fulton, a married couple, are U.S. citizens who have lived and worked in London since January 20, 2006. They did not return to the U.S. at any time during 2011. They want to file a joint return.
- Income:
  - David has an unlimited work visa and is employed as a photographer by a studio in London.
  - David's year-end earnings statement from his company shows his earnings, converted to U.S. dollars, of \$23,200.
  - David's employer is Fergus Photography, 103 Tower Lane, London, United Kingdom. The country code for Form 2555/2555EZ is UK.
  - David paid income taxes throughout the year to the United Kingdom. Converted to U.S. dollars, the total income tax David paid was \$2,400.
  - They took the foreign earned income exclusion for David's earnings for the last four years and expect to take it again in 2011. They have never revoked this exclusion.
  - Miriam worked at the U.S. Embassy and has a Form W-2 for her salary.
- Sale of stock:
  - Miriam inherited 500 shares of S&P stock when her father died on March 20, 2011.
  - Fair market value of the stock on the date of death was \$20,000.
  - Miriam sold 250 shares of the stock on June 24, 2011 for \$12,000 (net commission). She did not receive a brokerage statement.
  - The stock sale was a U.S. transaction.
- Additional information:
  - David and Miriam rent an apartment in London located at 220 Sussex Street. They do not maintain any other residence abroad or in the U.S.
  - They consider themselves residents of England and have never stated otherwise.
  - David and Miriam did not itemize for 2010 and do not have enough deductions to itemize for 2011.



**Intake/Interview & Quality Review Sheet**

**Section A. You should complete Pages 1-3**

Thank you for allowing us to prepare your tax return. **You are responsible for the information on your return so please provide complete and accurate information to the certified tax preparer.** If you have any questions please ask your preparer.

**You will need your:**

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as a valid drivers license or other government issued picture ID).

**Part I. Your Personal Information**

1. Your First Name <b>DAVID</b>		M. I. <b>A</b>	Last Name <b>FULTON</b>		Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2. Spouse's First Name <b>MIRIAM</b>		M. I. <b>R</b>	Last Name <b>FULTON</b>		Is spouse a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
3. Mailing Address <b>BOX 999</b>		Apt#	City <b>APO</b>	State <b>AE</b>	Zip Code <b>09999</b>	
4. Contact Information Phone: <b>YOUR PHONE #</b> Cell Phone: E-mail: <b>NONE</b>						
5. Your Date of Birth <b>10/03/1982</b>		6. Your Job Title <b>PHOTOGRAPHER</b>		7. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Spouse's Date of Birth <b>12/21/1984</b>		10. Spouse's Job Title <b>CLERK</b>		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. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure						

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

1. As of December 31, 2011, were you?
- Single
- Married: Did you live with your spouse during any part of the last six months of 2011?  Yes  No
- Divorced or Legally Separated: Date of final decree or separate maintenance agreement: \_\_\_\_\_
- Widowed: Year of spouse's death: \_\_\_\_\_

2. List names below of everyone who lived in your home in 2011 (other than you or spouse). Also list anyone who lived outside of your home that you supported during 2011. If additional space is needed please check here  and list on page 3.

Name (first, last) Do not enter your name or spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. daughter, son, mother, sister, none)	Number of months lived in your home in 2011	US Citizen or resident of the US, Canada or Mexico in 2011 (yes/no)	Marital Status as of 12/31/11 (S/M)	Full-time student in 2011 (yes/no)	Received less than \$3700 income in 2011 (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)

- **Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.**
- **To report unethical behavior to IRS, email us at [wi.voltax@irs.gov](mailto:wi.voltax@irs.gov) or call toll free 1-877-330-1205.**

**To check the status of your REFUND visit "Where's My Refund?" on [www.irs.gov](http://www.irs.gov) or call 1-800-829-1954 for assistance.**



**Section A. Please complete – check Yes, No or Unsure to all questions below. Please ask if you need help.**

**Part III. Income – In 2011, did you (or your spouse) receive:**

**Yes No Unsure**

1. Wages or Salary? (Form W-2)
2. Tip Income?
3. Scholarships? (Forms W-2, 1098-T)
4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
5. Refund of state/local income taxes? (Form 1099-G)
6. Alimony Income?
7. Self-Employment payments (such as cash received for services, small business)? (Form 1099-MISC)
8. Income (or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Forms 1099-S, 1099-B)
9. Disability Income (such as payments from insurance or workers compensation)? (Forms 1099-R, W-2)
10. Distributions from Pensions, Annuities, and/or IRA? (Form 1099-R)
11. Unemployment Compensation? (Form 1099-G)
12. Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
13. Income (or loss) from Rental Property?
14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: \_\_\_\_\_ (Forms W-2 G, 1099-MISC)

**Part IV. Expenses – In 2011 Did you (or your spouse) pay:**

**Yes No Unsure**

1. Alimony: If yes, do you have the recipient's SSN?  Yes  No
2. Contributions to a retirement account?  IRA  Roth IRA  401K  Other
3. Educational expenses paid for yourself, spouse or dependents, such as tuitions, books, fees, etc.? (Form 1098-T)
4. Unreimbursed employee business expenses (such as teacher supplies, uniforms or mileage)?
5. Medical expenses (including health insurance premiums)?
6. Home mortgage interest? (Form 1098)
7. Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
8. Charitable contributions?
9. Child/dependent care expenses, such as day-care?

**Part V. Life Events – In 2011 Did you (or your spouse):**

**Yes No Unsure**

1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form 1099-C)
3. Buy, sell or have a foreclosure of your home? (Form 1099-A)
4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? \_\_\_\_\_
5. Purchase and install energy efficient home items (such as windows, furnace, insulation, etc.)?
6. Live in an area that was affected by a natural disaster? If yes, where? \_\_\_\_\_
7. Receive the First Time Homebuyers Credit in 2008?
8. Pay any student loan interest? (Form 1098-E)
9. Make estimated tax payments or apply last year's refund to your 2011 tax? If so how much? \_\_\_\_\_
10. Attend school as a full time student? (Form 1098-T)
11. Adopt a child?
12. File a 2010 federal tax return containing a "capital loss carryover" on Form 1040 Schedule D?

**Presidential Election Campaign Fund:** (If you check a box, your tax or refund will not change.)

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

Catalog Number 52121E

Form **13614-C** (Rev. XX-XXXX)

2



**Section B. For Certified Volunteer Preparer Completion**

**Remember:** You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1, 2 & 3 is complete. All questions must be discussed with the taxpayer and all "Unsure" responses should be changed to "Yes" or "No".

**Must be completed by Certified Volunteer only if persons are listed in Part II Question 2**

**Check if persons are listed in Part II Question 2**

- Yes  No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? **If yes, which ones:**  
\_\_\_\_\_
- Yes  No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? **If yes, which ones:**  
\_\_\_\_\_
- Yes  No 3. Did any of the persons listed in Part II, Question 2 provide more than 50% of their own support? **If yes, which ones:**  
\_\_\_\_\_
- Yes  No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? **If yes, which ones:**  
 N/A  
\_\_\_\_\_
- Yes  No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? **If yes, which ones:**  
\_\_\_\_\_

**Reminders**

Use Publication 4012, *Volunteer Resource Guide* and Publication 17, *Your Federal Income Tax* in making tax law determinations.

**Additional Tax Preparer Notes:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Section C. For Certified Quality Reviewer Completion**

**Confirm each item after reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer.**

- 1. Sections A & B of this form are complete.
- 2. Taxpayer's identity, address and phone numbers were verified.
- 3. Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents match the supporting documents.
- 4. Filing Status is correctly determined.
- 5. Personal and Dependency Exemptions are entered correctly on the return.
- 6. All information shown on source documents and noted in Section A, Part III is included on the tax return.
- 7. Any Adjustments to Income are correctly reported.
- 8. Standard, Additional or Itemized Deductions are correct.
- 9. All credits are correctly reported.
- 10. Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
- All tax law issues above have been addressed and necessary changes have been made.
- If direct deposit or debit was elected, checking/saving account and routing information match the supporting documents.
- Correct SIDN and EFIN are shown on the return.

a Employee's social security number <b>511-XX-XXXX</b>		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) <b>42-5XXXXXX</b>		1 Wages, tips, other compensation <b>41,000.00</b>		2 Federal income tax withheld <b>3,500.00</b>	
c Employer's name, address, and ZIP code <b>US CONSULATE 3000 TATE ROAD LONDON, UK</b>		3 Social security wages <b>41,000.00</b>		4 Social security tax withheld <b>1,722.00</b>	
		5 Medicare wages and tips <b>41,000.00</b>		6 Medicare tax withheld <b>595.00</b>	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial Last name <b>MIRIAM R. FULTON BOX 999 APO AE 09999</b>		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code		15 State Employer's state ID number		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

**2011**

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. <b>WEBER CREDIT UNION 7200 TUCKER TRAIL YOUR CITY, STATE ZIP</b>		Payer's RTN (optional)	OMB No. 1545-0112		
PAYER'S federal identification number <b>42-6XXXXXX</b>		1 Interest income <b>\$ 450.00</b>		2011 Interest Income	
RECIPIENT'S identification number <b>511-XX-XXXX</b>		2 Early withdrawal penalty <b>\$</b>			
RECIPIENT'S name <b>MIRIAM R. FULTON</b>		3 Interest on U.S. Savings Bonds and Treas. obligations <b>\$</b>		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.	
Street address (including apt. no.) <b>BOX 999</b>		4 Federal income tax withheld <b>\$</b>			
City, state, and ZIP code <b>APO AE 09999</b>		5 Investment expenses <b>\$</b>			
Account number (see instructions)		6 Foreign tax paid <b>\$</b>			
		7 Foreign country or U.S. possession <b>\$</b>			
		8 Tax-exempt interest <b>\$</b>		9 Specified private activity bond interest <b>\$</b>	
		10 Tax-exempt bond CUSIP no. (see instructions)			

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

## International Scenario 4: Test Questions

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### Directions

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

9. The bona fide residence ending date on Form 2555-EZ is:
  - a. 12/31/2011
  - b. Open
  - c. Continues
  - d. 6/23/2006
  
10. The Fultons' total wages reported on Form 1040, line 7 is \$41,000.
  - a. True
  - b. False
  
11. Miriam's salary does **not** qualify for the foreign earned income exclusion because it is paid by the U.S. government.
  - a. True
  - b. False
  
12. David and Miriam will take the foreign earned income exclusion. They can also claim a foreign tax credit on David's income tax paid to the U.K.
  - a. True
  - b. False
  
13. The correct amount of the foreign earned income exclusion reported on Form 1040, Other Income line is (\$23,200).
  - a. True
  - b. False
  
14. The Fultons' capital gain or loss on Schedule D is short term.
  - a. True
  - b. False
  
15. What is the capital gain or loss on Schedule D?
  - a. \$0
  - b. \$2,000
  - c. \$12,000
  - d. (\$8,000)



# RETEST QUESTIONS

The retest questions are all based on the test scenarios. There are mini-scenarios and questions in Basic, Intermediate, Advanced, Military, and International. The Interview Notes for the mini-scenarios are included on the following pages.

To answer the retest questions for return preparation scenarios, refer to the Interview Notes, Intake/Interview & Quality Review Sheet, and taxpayer documents provided in the test scenarios beginning on page 1-6 of this booklet.

# Retest Answer Sheet

Name \_\_\_\_\_

Record all your answers on this tear-out page.  
Your Instructor will tell you where to send your Retest Answer Sheet for grading. Be sure to complete and sign the Form 13615, Volunteer Standards of Conduct 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
<b>Standards of Conduct</b>	
1.	
2.	
3.	
4.	
5.	
Total Answers Correct: _____	
Total Questions: 5	
<b>Passing Score: 4 of 5</b>	

Question	Answer
<b>Basic Scenario 1</b>	
1.	
2.	
<b>Basic Scenario 2</b>	
3.	
4.	
<b>Basic Scenario 3</b>	
5.	
6.	
<b>Basic Scenario 4</b>	
7.	
8.	
<b>Basic Scenario 5</b>	
9.	
10.	
<b>Basic Scenario 6</b>	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
<b>Basic Scenario 7</b>	
18.	
19.	
20.	
21.	
22.	
23.	
24.	
<b>Basic Scenario 8</b>	
25.	
26.	
27.	
28.	
29.	
30.	
Total Answers Correct: _____	
Total Questions: 30	
<b>Passing Score: 24 of 30</b>	

Question	Answer
<b>Intermediate Scenario 1</b>	
1.	
2.	
<b>Intermediate Scenario 2</b>	
3.	
4.	
<b>Intermediate Scenario 3</b>	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
<b>Intermediate Scenario 4</b>	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
Total Answers Correct: _____	
Total Questions: 20	
<b>Passing Score: 16 of 20</b>	
<b>Advanced Scenario 1</b>	
1.	
2.	
3.	
<b>Advanced Scenario 2</b>	
4.	
5.	
<b>Advanced Scenario 3</b>	
6.	
7.	
8.	
<b>Advanced Scenario 4</b>	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
Total Answers Correct: _____	
Total Questions: 15	
<b>Passing Score: 12 of 15</b>	

Question	Answer
<b>Military Scenario 1</b>	
1.	
2.	
<b>Military Scenario 2</b>	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
<b>Military Scenario 3</b>	
10.	
11.	
12.	
13.	
14.	
15.	
Total Answers Correct: _____	
Total Questions: 15	
<b>Passing Score: 12 of 15</b>	
<b>International Scenario 1</b>	
1.	
2.	
3.	
4.	
<b>International Scenario 2</b>	
5.	
6.	
<b>International Scenario 3</b>	
7.	
8.	
<b>International Scenario 4</b>	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
Total Answers Correct: _____	
Total Questions: 15	
<b>Passing Score: 12 of 15</b>	



## Directions

The first five short scenarios are designed to measure key competencies related to filing status, dependency exemptions, and related tax benefits. These 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.**

## Basic Scenario 1: Nancy Pratt

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### Interview Notes

- Susan, who is single, lost her job in 2010. She and her eight-year-old son Jason moved in with a friend of the family, Nancy. Susan and Jason lived there the entire year of 2011.
- Jason's father died in 2007.
- Nancy paid all the cost of keeping up her home.
- Nancy, who is single, provided all of Susan's and Jason's support during 2011.
- Nancy's total earned income in 2011 was \$42,000.
- Neither Susan nor Jason received any income in 2011.
- Susan will not file a tax return for 2011.
- Nancy, Susan, and Jason are U.S. citizens and have valid social security numbers.

## Basic Scenario 1: Retest Questions

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1. Nancy can claim both Susan and Jason as dependents.
  - a. True
  - b. False
2. What is Nancy's correct filing status?
  - a. Single
  - b. Married Filing Jointly
  - c. Married Filing Separately
  - d. Head of Household

## Basic Scenario 2: Sarah Pope

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### Interview Notes

- Sarah is 67 years old and single.
- Sarah lived with her daughter Phyllis for all of 2011 in Phyllis' home.
- Sarah provides over half of her own support.
- In 2011, Sarah worked as a cashier and earned \$12,000, which was her total income. She had \$450 in federal tax withholding.
- Phyllis, who is 32, will be filing her own return. She is not disabled.
- Sarah and Phyllis are U.S. citizens and have valid social security numbers.

## Basic Scenario 2: Retest Questions

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3. On Form 13614-C, Intake/Interview & Quality Review Sheet, Sarah checked the box "Unsure" to the question, "Can anyone claim you or your spouse on their tax return?" What action should the preparer take?
  - a. Tell Sarah to call her daughter and ask if she already claimed her.
  - b. Tell Sarah that Phyllis is eligible to claim her as a dependent because she lives in Phyllis' home.
  - c. Explain to Sarah that she can claim her own exemption because Phyllis is not entitled to claim her.
  - d. Tell Sarah that she has no reason to file a tax return.
4. Sarah is entitled to claim the Earned Income Credit (EIC).
  - a. True
  - b. False

## Basic Scenario 3: Natasha Jefferson

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### Interview Notes

- Natasha Jefferson and Daniel Newport are both single and were never married. They have not lived together for three years.
- They have one child, Hannah, age 4.
- In 2011, Hannah lived with Natasha the entire year. Daniel lived alone.
- Natasha and Daniel provided all of Hannah's support.
- In 2011, Natasha worked and earned \$18,000. Daniel worked and earned \$33,000.
- Daniel pays the rent and utilities for Natasha's apartment. He is providing over half the cost of maintaining the home for Natasha and Hannah.
- Daniel does not pay household expenses for any other family member.
- Natasha, Daniel, and Hannah are U.S. citizens and have valid social security numbers.

### Basic Scenario 3: Retest Questions

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5. Who can claim the Head of Household filing status?
  - a. Natasha, because Hannah lived with her.
  - b. Daniel, because he paid over half the cost of maintaining a home for Hannah.
  - c. Neither Daniel nor Natasha qualifies to claim the Head of Household filing status.
  - d. Natasha, because she and Daniel were never married.
6. Daniel is entitled to claim Hannah as a qualifying child for EIC.
  - a. True
  - b. False

## Basic Scenario 4: Aiden and Isabel Stillwater

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### Interview Notes

- Aiden and Isabel are married and lived together in the U.S. for all of 2011 with their two sons, Rafael, age 2, and Edward, age 3.
- Aiden and Isabel have Individual Taxpayer Identification Numbers (ITINs).
- Aiden and Isabel have lived in the U.S. for 5 years.
- Aiden and Isabel both worked and their combined wages were \$39,500, which was their only income.
- Aiden and Isabel provided all the support for Rafael and Edward.
- They paid Suffolk Day Care \$1,000 a year to take care of Rafael and Edward while they worked.
- Rafael and Edward are both U.S. citizens and have valid social security numbers (SSNs).

## Basic Scenario 4: Retest Questions

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7. Aiden and Isabel are going to file a joint return. Whom can they claim as dependents?
  - a. Aiden and Isabel cannot claim any dependents because they both have ITINs.
  - b. Aiden and Isabel cannot claim any dependents because they have not lived in the U.S. long enough.
  - c. Aiden and Isabel can claim both Rafael and Edward as dependents.
  - d. Based on Aiden's and Isabel's incomes, they can only claim one dependent.
8. Do Aiden and Isabel qualify for **all** the following credits: EIC, child tax credit, and dependent care credit?
  - a. Yes
  - b. No

## Basic Scenario 5: Lisa Bolivar

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### Interview Notes

- Lisa Bolivar is 36 years old.
- Oliver, who is single, is Lisa's 45-year-old brother. He is permanently and totally disabled.
- Their parents are deceased.
- Oliver lived with Lisa in her home all of 2011.
- In 2011, Oliver received Form SSA-1099 showing social security disability benefits of \$11,000, his only income.
- Oliver provided over half of his own support.
- Lisa worked as a clerk and earned \$26,500.
- Lisa and Oliver are U.S. citizens and have valid social security numbers.

## Basic Scenario 5: Retest Questions

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9. The reason Lisa cannot claim Oliver as her dependent is because Oliver is older than Lisa.
  - a. True
  - b. False
10. Is Lisa eligible to claim EIC?
  - a. No, because Oliver does not meet the requirements of a qualifying child for EIC.
  - b. No, Lisa must be able to claim Oliver as her dependent in order to claim EIC.
  - c. Yes, she can claim EIC because Oliver passes the test to be a qualifying child under the EIC eligibility requirements even though he is not a qualifying child for the dependency exemption.
  - d. Yes, because Oliver has no earned income.

## Basic Scenario 6: Retest Questions

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### Directions

Refer to the scenario information for James and Bridget Thurston beginning on page 1-6. Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

11. What question on the intake and interview sheet was marked incorrectly by the Thurstons based on the documents they provided?
  - a. Part III, question 1, Wages or Salary
  - b. Part III, question 4, Interest/Dividends
  - c. Part III, question 11, Unemployment Compensation
  - d. Part IV, question 2, Contributions to a retirement account
  
12. What is the Thurstons' standard deduction amount? \$\_\_\_\_\_
  
13. The amount of retirement savings contribution credit in the Tax and Credits section of Form 1040 is \$100.
  - a. True
  - b. False
  
14. What amount of social security benefits should appear on Form 1040, line 20a?
  - a. \$0
  - b. \$10,800
  - c. \$12,000
  - d. \$13,200
  
15. What is the taxable amount of social security benefits?
  - a. \$0
  - b. \$6,000
  - c. \$6,170
  - d. \$12,000
  
16. What is the total federal income tax withholding reported on the Thurstons' tax return?
  - a. \$458
  - b. \$1,092
  - c. \$1,600
  - d. \$2,058

17. James and Bridget do not have enough money to pay the amount they owe by April 17, 2012. You tell them to file the return on time and to pay as much as they can with the tax return. What are their options for the remaining amount due?
- a. File an Online Payment Agreement (OPA) request at [www.irs.gov](http://www.irs.gov).
  - b. Request a "Full Pay Within 60 to 120 Days" agreement.
  - c. Pay the balance due using their credit card.
  - d. Any of the above.



## Basic Scenario 7: Retest Questions

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### Directions

Read the information for Ashley Sawyer beginning on page 1-14.

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

18. What is Ashley's filing status?
  - a. Married Filing Jointly
  - b. Married Filing Separately
  - c. Head of Household
  - d. Single
  
19. What is the total amount of adjustments used to determine adjusted gross income for Ashley's Form 1040, page 1? \$\_\_\_\_\_
  
20. What is the amount of earned income used to calculate Ashley's EIC?
  - a. \$27,500
  - b. \$27,700
  - c. \$31,500
  - d. \$31,700
  
21. What is the credit for child and dependent care expenses on Form 2441?
  - a. \$800
  - b. \$312
  - c. \$216
  - d. \$182
  
22. The amount of the additional child tax credit in the Payments section of Ashley's return is \$2,474.
  - a. True
  - b. False
  
23. What is Ashley's total federal income tax withholding? \$\_\_\_\_\_
  
24. To buy a savings bond for Emily with part of her federal tax refund, Ashley would use Form 8888.
  - a. True
  - b. False

## Basic Scenario 8: Retest Questions

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### Directions

Refer to the scenario information for Serena Livingston beginning on page 1-22.

You are conducting a quality review of Serena's tax return. Using Form 13614-C, your resource materials, and all of the taxpayer's documents, answer each of the questions below. Form 13614-C, Section C, should be completed for this review.

- 25.** Which social security number is entered incorrectly on Form 1040?
- a. Erika's
  - b. Charlie's
  - c. Serena's
  - d. All are correct
- 26.** Which of the following is incorrect on Form 1040?
- a. Erika's name
  - b. Charlie's name
  - c. Both Erika's and Serena's names
  - d. Serena's, Charlie's, and Erika's names
- 27.** The amount of federal income tax withholding reported on Form 1040, page 2, is correct.
- a. True
  - b. False
- 28.** All of Serena's income is accurately reported on the tax return.
- a. True
  - b. False
- 29.** Serena qualifies for EIC.
- a. True
  - b. False
- 30.** Which of these items is incorrect on Form 1040?
- a. Bank account number
  - b. Number of exemptions
  - c. Home address
  - d. None of the above

## Directions

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

### Intermediate Scenario 1: Kathy Greenlee

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#### Interview Notes

- Kathy is a 53-year-old elementary school teacher.
- Kathy spent \$400 on school supplies for the year.
- Kathy is divorced and her unmarried 27-year-old son Alex lived with her all of 2011. Alex is not disabled.
- Alex's only income is \$3,545.
- Kathy paid all the household expenses and provided over half of Alex's support.
- Kathy and Alex are U.S. citizens and have valid social security numbers.

### Intermediate Scenario 1: Retest Questions

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1. What is Kathy's correct filing status?
  - a. Single
  - b. Married Filing Jointly
  - c. Married Filing Separately
  - d. Head of Household
2. What is the maximum allowable educator expense adjustment for an eligible teacher? \$\_\_\_\_\_

## Intermediate Scenario 2: Alonzo Maricopa

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### Interview Notes

- Alonzo is a single dad, age 42, with two sons.
- His sons, ages 14 and 16, lived with him all of 2011.
- Alonzo lost his job in 2010 and in January 2011 he cashed in his entire 401(k).
- He received Form 1099-R, with a distribution code of 1 in Box 7, for \$2,000.
- Alonzo's only other income for 2011 was \$9,000 in unemployment compensation.
- Alonzo and his sons are U.S. citizens and have valid social security numbers.

## Intermediate Scenario 2: Retest Questions

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3. Since Alonzo has low income and two qualifying children, he will receive EIC.
  - a. True
  - b. False
4. What circumstance would allow Alonzo to use Form 5329 to avoid paying the 10% additional tax on the early distribution from his retirement plan?
  - a. He used the distribution to pay general living expenses.
  - b. He used the distribution to pay for job hunting expenses.
  - c. He used the distribution to pay medical expenses in excess of 7 1/2 % of his adjusted gross income.
  - d. There is no possible exception to the 10% additional tax.

## Intermediate Scenario 3: Retest Questions

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### Directions

Read the information for Evan James Dawson, beginning on page 2-3.

Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

5. What is Evan's minimum required payment on his 2008 homebuyer credit? \$\_\_\_\_\_
6. The total deduction in the Gifts to Charity section of Evan's Schedule A is \$\_\_\_\_\_.
7. What is Evan's total tax deduction on Schedule A, line 9?
  - a. \$1,450
  - b. \$2,294
  - c. \$3,744
  - d. \$4,448
8. What is Evan's total interest deduction on Schedule A, line 15? \$\_\_\_\_\_
9. Course-related books are a qualifying expense for the American opportunity credit.
  - a. True
  - b. False
10. What is the **refundable** amount of the American opportunity credit on Evan's Form 8863, Part III?
  - a. \$1,000
  - b. \$634
  - c. \$254
  - d. \$0
11. Noah's room and board will qualify for the **tuition and fees deduction**.
  - a. True
  - b. False

## Intermediate Scenario 4: Retest Questions

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### Directions

Refer to the scenario information for Andrew and Lily Albright, beginning on page 2-13.

Please complete Form 1040 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

12. Where should Lily's cash income be reported? [Select answer (a) for this question.]
- a. Schedule C
  - b. Cash income does not have to be reported
  - c. Form 1040, Line 7
  - d. Form 1040, Line 21
13. What is the amount of Lily's gross income from her hair stylist business?
- a. \$23,800
  - b. \$19,800
  - c. \$4,000
  - d. \$0
14. Lily can deduct the amount she pays for her daily lunches at work as a business expense.
- a. True
  - b. False
15. How does Lily's self-employment tax affect the Albrights' tax return?
- a. A portion of the amount is deducted as a business expense.
  - b. The self-employment tax amount is shown on Form 1040, Other Taxes section, and the deductible part is an adjustment on Form 1040, page 1.
  - c. The self-employment tax is shown on Form 1040, Other Taxes section, and the full amount is deducted on Schedule A, Taxes You Paid.
  - d. Lily's self-employment tax is not reported anywhere on Form 1040.
16. What is **not** an eligible expense for the nonbusiness energy property credit?
- a. Insulation designed to reduce heat gain or loss in the home
  - b. An energy-efficient furnace, including installation cost
  - c. Compact fluorescent light bulbs (CFLs)
  - d. Energy-efficient exterior doors

17. How do you report qualified student loan interest paid?
- a. As an expense for an education credit
  - b. As an itemized deduction on Schedule A
  - c. As an adjustment to income on Form 1040, page 1
  - d. As other income on Form 1040, line 21
18. What is Lily's mileage expense deduction (at the standard mileage rate) for her hair stylist business?
- a. \$0
  - b. \$133
  - c. \$1,377
  - d. \$2,656
19. What is the amount of the Albrights' foreign tax credit? \$\_\_\_\_\_
20. Lily says that they have a balance due on their return every year. What can you suggest to prevent or decrease the amount they owe when they file next year?
- a. Pay estimated tax payments using Form 1040-ES during the tax year.
  - b. Submit a Form W-4P to increase the withholding on Andrew's pension.
  - c. Revise Andrew's Form W-4 to increase the withholding on his wages.
  - d. Any of the above.

## Directions

The first three 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: Jacob McPherson

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### Interview Notes

Jacob sold some stock this year, and has come to you to prepare his tax return.

PDQ stock:

- Jacob inherited 200 shares of PDQ stock from his great-uncle Thomas who died on March 7, 2011.
- Great-uncle Thomas' basis was \$15 per share.
- The fair market value on the date of death was \$25 per share.
- Jacob sold 100 shares of PDQ on July 1, 2011.

ABC stock:

- On February 5, 2011, Jacob sold 200 shares of ABC stock, which he purchased in 1995.
- Jacob does not know the basis for his ABC stock, and the basis is not shown on the 1099-B he received from the broker.

## Advanced Scenario 1: Retest Questions

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1. The gain or loss on the sale of Jacob's inherited PDQ stock is:
  - a. Short-term
  - b. Long-term
2. What is the cost or other basis of the inherited PDQ stock that Jacob sold in 2011?  
\$\_\_\_\_\_
3. Jacob does not know the basis of his ABC stock. What can he do?
  - a. He can contact his broker for help calculating his basis.
  - b. He can use \$0 as his basis.
  - c. He can calculate his basis by locating and reviewing all of the relevant ABC stock records.
  - d. Any of the above.



## Advanced Scenario 2: Ross and Mary Campbell

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### Interview Notes

- Ross and Mary will file a joint return.
- Ross and Mary purchased their home in 2004 for \$150,000.
- In 2006, Ross and Mary added a swimming pool at a cost of \$10,000.
- In 2009, they repaired the dishwasher at a cost of \$200.
- Ross and Mary lived in the house as their main home until they sold it on June 18, 2011.
- Ross and Mary sold the home for \$145,000 and received a Form 1099-S reporting the sale.
- Ross and Mary are U.S. citizens and have valid social security numbers.

### Advanced Scenario 2: Retest Questions

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4. What is Ross and Mary's adjusted basis in the home?
  - a. \$145,000
  - b. \$150,000
  - c. \$160,000
  - d. \$160,200
5. Ross and Mary can deduct a loss on the sale of their home.
  - a. True
  - b. False

## Advanced Scenario 3: Gabriella Lafayette

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### Interview Notes

- On January 3, 2011, Gabriella purchased 2,500 shares of the ABC mutual fund for \$15,000.
- On December 27, 2011, the fund paid a capital gain distribution of \$300 that was reinvested to purchase an additional 100 shares.
- The fund did not pay dividends.
- Gabriella received Form 1099-DIV reporting the capital gain distribution, and a year-end statement showing \$7,800 as the December 31, 2011, value of her 2,600 shares.
- This is Gabriella's only investment account and she did not sell any shares in 2011.

### Advanced Scenario 3: Retest Questions

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6. What is the total basis of all Gabriella's ABC mutual fund shares held on December 31, 2011?
  - a. \$7,800
  - b. \$8,100
  - c. \$15,000
  - d. \$15,300
7. The decline in value of Gabriella's investment resulted in a deductible loss on her 2011 Form 1040, line 13.
  - a. True
  - b. False
8. Where on the tax return should Gabriella's December 27 capital gain distribution appear?
  - a. As a dividend on Form 1040, line 9a
  - b. As a capital gain distribution on Form 1040, line 13
  - c. As other income on Form 1040, line 21
  - d. The distribution is not reported because the shares were reinvested.

## Advanced Scenario 4: Retest Questions

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### Directions

Refer to the scenario information for Nathan and Phoebe Wheeler, beginning on page 3-5. Complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

9. The holding periods for Nathan and Phoebe's stock are as follows:
  - a. ABC is long-term and XYZ is short-term
  - b. ABC is short-term and XYZ is long-term
  - c. Both ABC and XYZ are short-term
  - d. Both ABC and XYZ are long-term
  
10. What is the amount of net capital gain (or loss) that appears on Form 1040, line 13? \$ \_\_\_\_\_
  
11. The disability income from Phoebe's Form 1099-R should appear on which line of Form 1040?
  - a. Report as Wages on line 7
  - b. Report as Pension on line 16b
  - c. Report as Other income on line 21
  - d. Disability income is not reported
  
12. The interest income from Nathan's Schedule K-1 (Form 1120S) should appear on Form 1040, line 8a, Taxable interest.
  - a. True
  - b. False
  
13. What amount of earned income, if any, is used to calculate the Wheelers' EIC?
  - a. \$0
  - b. \$5,000
  - c. \$24,000
  - d. \$29,510
  
14. How much, if any, of the \$20,000 distribution reported on Nathan's Form 1099-R is included on Form 1040, line 16b? \$ \_\_\_\_\_
  
15. What amount, if any, should Nathan report as gambling income on Form 1040, line 21? \$ \_\_\_\_\_

## Directions

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

### Military Scenario 1: Benjamin and Avery Merrimack

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#### Interview Notes

- Benjamin and Avery live in Denver, Colorado, where Benjamin joined the Air Force. He finished his training and will be stationed in Tucson, Arizona, for two years. This is a permanent change of station (PCS).
- They decided to make a Do It Yourself (DITY) move and save money.
- On June 4, Benjamin and Avery packed all their belongings and began driving from Denver to Tucson. On the way, they made a side trip to the Grand Canyon to see the sights. Their trip took a total of six days and five nights instead of the authorized two days and one night.
- Their move was estimated to cost \$6,000, and the Air Force provided \$5,700 in advance.
- The Merrimacks drove a total of 1,116 miles. The shortest, most direct route from Denver to Tucson is 900 miles. Their cost for the moving truck was \$3,000. Their cost for lodging was \$75 per night, which is considered a reasonable expense. Benjamin and Avery spent \$500 on food during the trip.
- Benjamin and Avery are U.S. citizens and have valid social security numbers.

### Military Scenario 1: Retest Questions

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1. The difference between the amount advanced and the allowable costs incurred will be reported on a Form W-2.
  - a. True
  - b. False
2. Which of the following are **not** qualified moving expenses for Benjamin and Avery?
  - a. \$75 in lodging costs
  - b. \$171 for mileage
  - c. \$3,000 for a moving truck
  - d. \$500 for food

## Military Scenario 2: Retest Questions

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### Directions

Refer to the scenario information for Lucas and Katarina Benton beginning on page 4-2.

Please complete Form 1040 through line 37 and the appropriate forms, schedules, or worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

3. Which of the following is used to calculate the taxable portion of Lucas' pension?
  - a. Lucas' current age
  - b. Lucas' and Katarina's current ages
  - c. Lucas' and Katarina's ages at the annuity starting date
  - d. The age of the younger spouse
  
4. The taxable pension amount reported on Form 1040, line 16b is \$30,400.
  - a. True
  - b. False
  
5. What is the correct amount of wages reported on Form 1040, line 7? \_\_\_\_\_
  
6. What is Katarina's rental real estate income reported in the Income section of Form 1040?
  - a. \$4,030
  - b. \$4,450
  - c. \$6,430
  - d. \$8,400
  
7. Katarina's unreimbursed reservist expenses are an adjustment to income because:
  - a. Katarina had to travel more than 100 miles for reservist training.
  - b. The unreimbursed expenses of any reservist are an adjustment to income.
  - c. Computer technology occupations in the military qualify to take their reservists' expenses as an adjustment to income.
  - d. All employee business expenses are an adjustment to income.
  
8. The correct standard mileage rate used to compute Katarina's Army reservist vehicle expense is 23.5 cents per mile.
  - a. True
  - b. False
  
9. The total adjustments to gross income on Form 1040 are \$\_\_\_\_\_.

## Military Scenario 3: Retest Questions

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### Directions

Refer to the scenario information for Sebastien and Michelle Decatur, beginning on page 4-10.

Please complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

10. Since Sebastien was deployed all of 2011, Sebastien and Michelle ask what filing status they should use. What is your response?
  - a. Michelle and Sebastien should file Married Filing Jointly because they will get a larger refund than if they filed Married Filing Separately.
  - b. Michelle and Sebastien can each choose to file as Single, if they want.
  - c. Michelle can file as Head of Household because Sebastien was deployed all year and had no taxable income.
  - d. Michelle and Sebastien can each file as Head of Household because they have two children.
  
11. Interest income can be included in earned income for the purpose of computing EIC.
  - a. True
  - b. False
  
12. What is the Decatur's maximum amount of EIC?
  - a. \$4,226
  - b. \$3,237
  - c. \$1,990
  - d. \$1,890
  
13. What is the Decatur's income reported on Form 1040, line 7?
  - a. \$30,900
  - b. \$30,650
  - c. \$4,700
  - d. \$250
  
14. The holding period for the sale of stock is long term.
  - a. True
  - b. False
  
15. The amount of Michelle's capital gain on the inherited stock is \$\_\_\_\_\_.

## Directions

The first three 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.**

### International Scenario 1: Gary and Susanne Drake

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#### Interview Notes

- Gary is a U.S. citizen and has a valid social security number. Gary and Susanne are married and live in Switzerland.
- Susanne is a Swiss foreign national (citizen of Switzerland).
- Gary's total income was \$68,000.
- Susanne has an ITIN but had no income and has never lived in the U.S.
- Gary's 13-year-old daughter, Chloe, lives with them. Chloe's mother died in 2005. Chloe is a U.S. citizen and has a valid social security number.
- Susanne has a 6-year-old son, Spencer, who is a Swiss citizen. He lived with Gary and Susanne in Switzerland for all of 2011.
- Gary is not Spencer's father and has not adopted him.
- Gary provided all the financial support for Susanne, Chloe, and Spencer.

### International Scenario 1: Retest Questions

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1. If Gary files as Head of Household, who would be his qualifying person?
  - a. Susanne, because she is his nonresident alien spouse.
  - b. Chloe, because she is Gary's qualifying child.
  - c. Spencer, because he lived with Gary.
  - d. Gary is not eligible to file as Head of Household.
2. If Gary and Susanne do not file a joint return, Gary can file as Head of Household and claim a personal exemption for Susanne.
  - a. True
  - b. False
3. Gary can claim a dependency exemption for Spencer.
  - a. True
  - b. False

4. Who can claim Chloe as a dependent?
  - a. No one can claim Chloe as a dependent
  - b. Gary, because Chloe is his qualifying relative
  - c. Gary, because Chloe is his qualifying child
  - d. Chloe can claim her own exemption

## International Scenario 2: Sam and Karen Floyd

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### Interview Notes

- Sam and Karen Floyd currently live in Frankfurt, Germany. They moved there on January 17, 2011, for Karen's temporary job assignment. They are U.S. citizens and have valid social security numbers.
- Neither Sam nor Karen work for the U.S. government.
- They left for a visit to the U.S. on September 5, 2011, and returned to Frankfurt on September 19, 2011.
- They also spent 14 days on a ski vacation in Austria in December.
- The home Sam and Karen own in the U.S. is being rented out. Sam and Karen live in an apartment in Frankfurt.

## International Scenario 2: Retest Questions

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5. When calculating the 330 full days in a foreign country for the physical presence test, how are the 14 days spent on the Austrian ski vacation treated?
  - a. The first and last days of the trip do not count as days spent in a foreign country
  - b. The days are not counted as days spent in a foreign country
  - c. The days are counted as days spent in a foreign country
  - d. Only 7 of the 14 days count as days spent in a foreign country
6. Sam and Karen meet the requirements of the physical presence test and can exclude their foreign earned income.
  - a. True
  - b. False



## International Scenario 3: John and Laura Morton

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### Interview Notes

- John and Laura are married and plan to file a joint return.
- John's birth date is February 5, 1945.
- Laura's birth date is June 1, 1947.
- Laura retired on December 31, 2010, and began drawing a monthly pension in January 2011.
- The pension plan is a qualified plan and will be paid as a joint and survivor annuity over Laura's and John's lifetimes.
- The gross distribution reported on Form 1099-R for 2011 was \$22,400.
- The total employee contribution to the plan was \$62,000.
- John and Laura are U.S. citizens and have valid social security numbers.

### International Scenario 3: Retest Questions

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7. Whose age(s) must be used to compute the taxable portion of Laura's pension?
  - a. Both John's and Laura's
  - b. Laura's
  - c. John's
  - d. Age is not a factor in the computation
8. The taxable portion of Laura's pension distribution is \$20,000.
  - a. True
  - b. False

## International Scenario 4: Retest Questions

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### Directions

Refer to the scenario information for David and Miriam Fulton, beginning on page 5-5.

Please complete Form 1040 and the appropriate forms, schedules, and worksheets to answer each of the following questions.

*Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID. In classroom situations, replace the Xs with the EFIN provided by your instructor.*

9. What are the start and end dates for the Fultons' bona fide residence on Form 2555-EZ, line 1b?
  - a. 01/01/2011, 12/31/2011
  - b. 01/20/2006, 12/31/2006
  - c. 01/20/2006, 12/31/2011
  - d. 01/20/2006, Continues
  
10. What is the amount of wages reported on the Fultons' Form 1040, line 7?
  - a. \$23,200
  - b. \$41,000
  - c. \$64,200
  - d. \$66,200
  
11. Miriam can claim the foreign earned income exclusion for her U.S. government salary.
  - a. True
  - b. False
  
12. David and Miriam will take the foreign earned income exclusion. How should the \$2,400 David paid in income taxes to the U.K. be handled on the Fultons' tax return?
  - a. David and Miriam cannot take a foreign tax credit because the tax was paid on income excluded under the foreign earned income exclusion.
  - b. David and Miriam can include the \$2,400 in federal income tax withholding on Form 1040.
  - c. David and Miriam can claim the full \$2,400 as a foreign tax credit without completing the Form 1116.
  - d. David and Miriam cannot claim a foreign tax credit because the amount of taxes paid is over \$600.

- 13.** The correct amount reported on the Other Income line on Form 1040, page 1 is:
- a. (\$20,800)
  - b. (\$23,200)
  - c. (\$41,000)
  - d. (\$64,200)
- 14.** The capital gain or loss on Schedule D is long term.
- a. True
  - b. False
- 15.** David and Miriam have a capital loss of (\$8,000) on Schedule D.
- a. True
  - b. False



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**Link & Learn Taxes** is web-based training designed *specifically* for VITA/TCE volunteers. Each volunteer's ability to prepare complete and accurate returns is vital to the credibility and integrity of the program. Link & Learn Taxes, as part of the complete volunteer training kit, provides the path to achieving this high level of quality service to taxpayers.

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