



2006 **VITA/TCE** Form 6744

Volunteer Assistor's Test

(for use in preparing Tax Year 2006 Returns)

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

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information and other training options
such as visit **www.irs.gov**.



Department of the Treasury
Internal Revenue Service

www.irs.gov

Form 6744 (Rev. 2006)
Catalog Number 43560V

Pending Legislation

At the time this publication went to print, there was pending legislation on tax topics contained in this publication including the expired tax benefits listed below:

Expired Tax Benefits:

- Deduction from adjusted gross income for educator expenses.
- Tuition and fees deduction.
- Deduction for state and local general sales taxes.
- District of Columbia first time homeowner credit (for homes purchased after 2005).

Tax law changes implemented after this publication may cause various forms, tables, and worksheets to change. Visit www.irs.gov for current information on tax changes. If there are changes, additional guidance will be issued in the form of a supplement.

The IRS Mission

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



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Confidentiality Statement:

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

2006 VITA/TCE Test**Preface****Quality Return Process**

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

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

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

During your training you were given an opportunity to apply the tax law knowledge you gained. You also learned how to properly apply the screening and interview information on the Intake and Interview Sheet to prepare a correct tax return. You also learned how to use your references, resources, and tools; and conduct a quality review of the returns that you have prepared.

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

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

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

Testing Instructions

Special Accommodations	If you require special accommodations to complete the test, please advise your Facilitator immediately.
Reference Materials	Use 2006 Values for Deductions, Exemptions, Tax, or Credits for all answers on the test. Remember to round to dollars. Test answers have been rounded up or down at the point of entry on the return. This is an open book test. You may use your course book and any other reference material you will use as a volunteer. Blank forms for the test are located in the back of the test booklet. If extra forms are needed they may be photocopied. Please complete this test on your own. Taking the test in groups or with outside assistance is a disservice to the customers you have volunteered to help. Income amounts for these test scenarios may exceed the income limits for VITA sites.
Using Software	The test is designed to be taken on paper. However, volunteers who use tax preparation software to complete the test or retest should be aware of the version of the software. Only the final 2006 version of the software will generate the correct answers for 2006 returns. All Social Security Numbers, Employer Identification Numbers, and routing/account numbers provided in the scenarios are fictitious. Volunteers using tax preparation software to complete the test should replace the X's as directed by the software. Use your city, state, and zip code when completing any of the forms.
Test Answer Sheet	When you complete the test, please transfer all answers to the tear-out Test Answer Sheet. Make sure your name is at the top of the page. Forward the completed Test Answer Sheet and the completed Form 13615, Volunteer Agreement, as directed for grading. Do not submit your entire test booklet unless otherwise directed.

Testing Instructions, Continued

Test Score	You will be advised of your test results. Your Test Answer Sheet and Volunteer Agreement will be maintained by your Site Coordinator.
Certification	Each course must be passed with a minimum score of 80% for certification. If you do not achieve a score of at least 80% , you should discuss it with your Facilitator or Training/Site Coordinator. After the discussion, you may choose to take a certification retest. Your Facilitator or Training/Site Coordinator will provide the retest booklet.
VITA/TCE Courses	There are five courses. They are Basic, Intermediate, Advanced, Military, and International. Each course is summarized below. • Basic: This course covers the completion of wage earner type returns. • Intermediate: This course covers completion of returns from wage earners, those who receive pension income, and more complex Forms 1040. • Advanced: This course covers the completion of the full scope of returns. It requires certification in Basic and Intermediate. • Military: This course covers the full scope of returns presented by members of the Armed Forces, Reserve and National Guard. It requires certification in Basic and Intermediate. • International: This course covers the completion of returns for taxpayers (non-Military) living outside the United States and assisted by volunteers working at U.S. Embassies and Consulates or other areas. This requires certification in Basic and Intermediate. All volunteers must complete the Basic course. Volunteers who are certified in Basic can prepare returns within the scope of the Basic course. Volunteers can stop with Basic or proceed with other courses. Volunteers can only prepare returns for the level for which they have been certified. Volunteers who wish to take Advanced, Military or International must complete Basic and Intermediate before proceeding with these additional courses. Remember each course for which you wish to be certified must be passed with a minimum score of 80% accuracy.

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

or

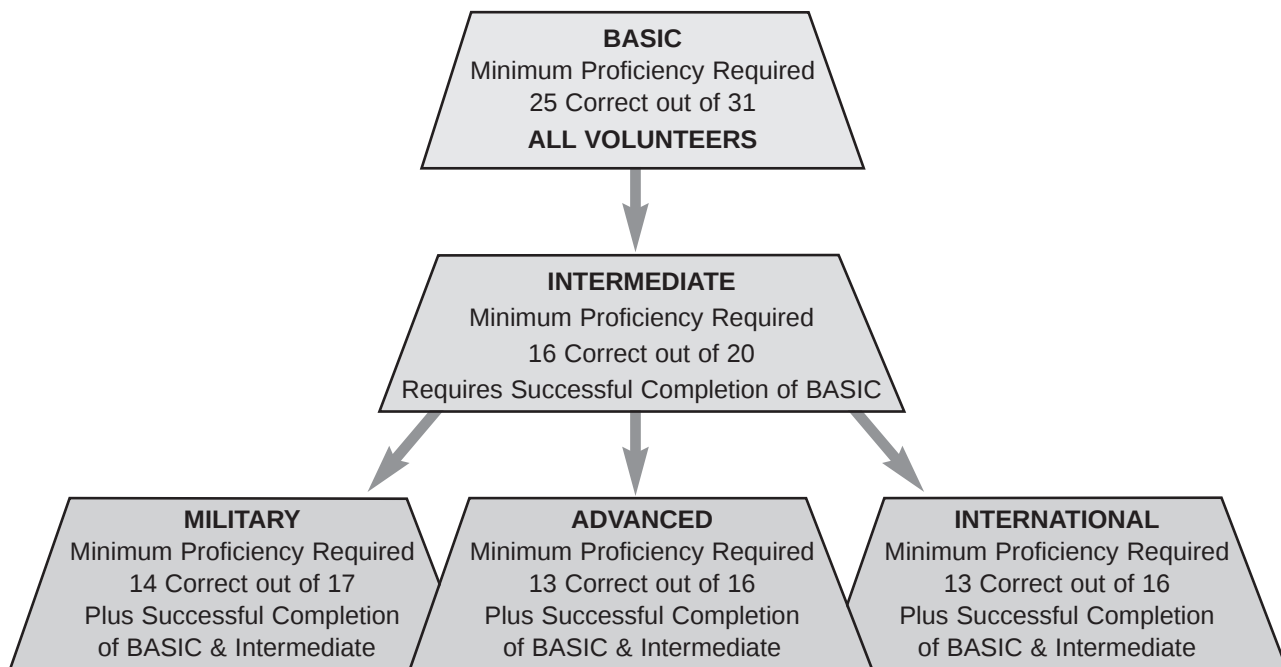
at www.irs.gov, using keyword search: Link and Learn.



VITA/TCE Certification Requirements

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

After completing the **Basic** certification (4 Scenarios and 1 Quality Review), volunteers may proceed to the **Intermediate** certification (2 Scenarios) followed by the **Advanced** or **Military** or **International** certification (1 Partial Return and 1 Quality Review of a completed return) as their training and experience warrants.



Test Answer Sheet

Name _____

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

Privacy Act Notice

The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory.

Our legal right to ask for information is 5 U.S.C. 301.

We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers.

Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

Question	Answer
Basic Scenario 1	
1.1	
1.2	
1.3	
1.4	
1.5	
1.6	
Basic Scenario 2	
2.1	
2.2	
2.3	
2.4	
2.5	
2.6	
Basic Scenario 3	
3.1	
3.2	
3.3	
3.4	
3.5	
3.6	
Basic Scenario 4	
4.1	
4.2	
4.3	
4.4	
4.5	
4.6	
Basic Scenario 5	
5.1	
5.2	
5.3	
5.4	
5.5	
5.6	
5.7	
Total Answers Correct: _____	
Total Questions: 31	
Passing Score: 25 of 31	

Question	Answer
Intermediate Scenario 1	
6.1	
6.2	
6.3	
6.4	
6.5	
6.6	
6.7	
6.8	
6.9	
6.10	
6.11	
Intermediate Scenario 2	
7.1	
7.2	
7.3	
7.4	
7.5	
7.6	
7.7	
7.8	
7.9	
Total Answers Correct: _____	
Total Questions: 20	
Passing Score: 16 of 20	
Advanced Scenario 1	
8.1	
8.2	
8.3	
8.4	
8.5	
8.6	
Advanced Scenario 2	
9.1	
9.2	
9.3	
9.4	
9.5	
9.6	
9.7	
9.8	
9.9	
9.10	
Total Answers Correct: _____	
Total Questions: 16	
Passing Score: 13 of 16	

Question	Answer
Military Scenario 1	
10.1	
10.2	
10.3	
10.4	
10.5	
10.6	
10.7	
10.8	
10.9	
Military Scenario 2	
11.1	
11.2	
11.3	
11.4	
11.5	
11.6	
11.7	
11.8	
Total Answers Correct: _____	
Total Questions: 17	
Passing Score: 14 of 17	
International Scenario 1	
12.1	
12.2	
12.3	
12.4	
12.5	
12.6	
12.7	
International Scenario 2	
13.1	
13.2	
13.3	
13.4	
13.5	
13.6	
13.7	
13.8	
13.9	
Total Answers Correct: _____	
Total Questions: 16	
Passing Score: 13 of 16	

Department of the Treasury – Internal Revenue Service
Volunteer Agreement
(Standards of Conduct – VITA/TCE Programs)

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

Instructions: To be completed by all volunteers in the VITA/TCE (Certified and non-certified) program.

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

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

Volunteer Information

Print Full Name

Signature and Date

Home Street Address

Daytime Telephone

City, State and Zip Code

E-mail Address

Site and/or Partner Name

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

Volunteer position(s) _____ **Was a test taken?** Yes ☐ No ☐
(screener, preparer, interpreter, etc.)

(IRS or Partner Use Only) Test Results – write the test score in the appropriate box below.

	Basic	Intermediate	Advanced	Military	International	Foreign Student/Scholars		
						Part 1	Part 2	Part 3
Volunteer's VITA/TCE Test Score – Mark the appropriate box								
Certification level – Mark the appropriate box								
Testing Method	Link & Learn	IRS Paper Test	Non-IRS Approved Test	Other (describe method of testing)				
Mark the appropriate box								

Certified by (IRS or SPEC Partner Only): _____ Date: _____

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2006 6744 Test – Basic Course

Basic Scenario 1: Fred Fulton

Taxpayer Fred Fulton completed Form 13614, Intake and Interview Sheet.

Taxpayer Documents

- Social Security card for Fred Fulton
- W-2 for Fred Fulton

Interview Notes

- Fred lived with his parents all year. He does not pay rent or household bills.
- Fred tells you he does not provide over half of his own support.
- He started working full-time in 2006 and is saving most of his money.
- Fred does not want to designate \$3 to go to the Presidential Election Campaign Fund.



Intake and Interview Sheet

You (and Spouse) will need:

- Proof of identity
- Copies of ALL W-2 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name FRED	M.I. R	Last Name FULTON	2. SSN or ITIN 1 1 0 - X X - X X X X
3. Date of Birth (mm/dd/yyyy) 01 / 16 / 1988	4. Job Title CUSTOMER SERVICE REP		
5. Spouse's First Name	M.I.	Last Name	6. SSN or ITIN - -
7. Date of Birth (mm/dd/yyyy) / /	8. Job Title		
9. Address 551 SOUTH LULLWOOD	Apt #	City YOUR CITY	State YS Zip Code YOUR ZIP
10. Phone Numbers: Daytime YOUR PHONE NUMBER	Evening	Cell	
11. Are you a U.S. Citizen? ☒ Yes ☐ No		12. Is your Spouse a U.S. Citizen? ☐ Yes ☐ No	
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? ☐ Yes ☒ No			
14. Did you pay more than half the cost of keeping up the home? ☐ Yes ☒ No			
15. Check if Legally Blind: ☐ Taxpayer ☐ Spouse			
16. Check if Permanently and Totally Disabled: ☐ Taxpayer ☐ Spouse			
17. On December 31st 2006: Were you: ☒ Single ☐ Legally Married ☐ Separated ☐ Divorced a. If married, were you living with your spouse at anytime during the last 6 months of the year? ☐ Yes ☐ No			
18. Was your spouse deceased? If yes, provide the date of death. ____ / ____ / ____ (mm/dd/yyyy)			

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

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

Name	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship (son, daughter, etc.)	Months person lived with you in 2006	Check if resident of Canada or Mexico	Is the dependent a full time student? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)

STOP**Page 2 TO BE COMPLETED BY CERTIFIED VOLUNTEER**

Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is: ☐ Single ☐ MFJ ☐ MFS* ☐ HH ☐ Qualifying Widow(er)

*Spouse Name _____ Social Security Number _____

Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- ☐ Yes ☐ No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?
☐ Yes ☐ No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?
☐ Yes ☐ No 4. Is the dependent permanently and totally disabled?
5. Based on the interview, how many individuals qualify as dependents for this return? _____
-

COMMONLY USED INCOME AND EXPENSES

Volunteers: Please use Publication 17, *Your Federal Income Tax for Individuals* and Publication 4012, *Volunteer Resource Guide* while discussing the questions below with the taxpayer.

Part IV. Income – In 2006, did you receive:

- ☒ Yes ☐ No 1. Wages or Salary (Include W-2s for all jobs worked during the year)
☐ Yes ☒ No 2. Disability income
☐ Yes ☒ No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account
☐ Yes ☒ No 4. State tax refund (may be taxable if you itemized last year)
☐ Yes ☒ No 5. Alimony income
☐ Yes ☒ No 6. Tip income
☐ Yes ☒ No 7. Pension and/or IRA distribution
☐ Yes ☒ No 8. Unemployment
☐ Yes ☒ No 9. Social Security or Railroad Retirement
☐ Yes ☒ No 10. Self Employment
☐ Yes ☒ No 11. Other income such as gambling winnings, awards, prizes and Jury duty
-

Part V. Adjustment – Did you have 2006 expenses for:

- ☐ Yes ☒ No 1. IRA or other retirement account
☐ Yes ☒ No 2. Alimony payments paid (If yes, you must provide the name and SSN of the recipient)
☐ Yes ☒ No 3. Education related expenses
-

Part VI. Itemized Deductions – Did you have 2006 expenses for:

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

Part VII. Credits – In 2006, did you have:

- ☐ Yes ☒ No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
☐ Yes ☒ No 2. Educational expenses for you or your dependents
☐ Yes ☒ No 3. Retirement Savings Contribution
-

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

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

a. Control number		22222		Void ☐		For Official Use Only ▶ OMB No. 1545-0048	
b. Employer identification number (EIN) 01-1XXXXXX				1. Wages, tips, other compensation 8500.00		2. Federal income tax withheld 576.00	
c. Employer's name, address, and ZIP code HI DEF CABLE COMPANY 2710 BIRCH, BLDG 5 YOUR CITY, STATE ZIP				3. Social security wages 8500.00		4. Social security tax withheld 527.00	
				5. Medicare wages and tips 8500.00		6. Medicare tax withheld 123.25	
				7. Social security tips		8. Allocated tips	
d. Employee's social security number 110 XX XXXX				9. Advance EIC payment		10. Dependent care benefits	
e. Employee's first name and initial FRED R.		Last name FULTON		Self		11. Nonqualified plans	
551 SOUTH LULLWOOD YOUR CITY, STATE ZIP				12a. See instructions for box 12			
				13. ☐ Statutory employee ☐ Retiree ☐ Third-party sick pay		12b.	
				14. Other		12c.	
						12d.	
f. Employee's address and ZIP code							
18. State	Employer's state ID number	16. State wages, tips, etc.	17. State income tax	18. Local wages, tips, etc.	19. Local income tax	20. Locality name	
YS	01-1XXXXXX	8500.00	220.00				

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

2006

Department of the Treasury—Internal Revenue Service

Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.

For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.

Cat. No. 10134D

Do Not Cut, Fold, or Staple Forms on This Page — Do Not Cut, Fold, or Staple Forms on This Page

Basic Scenario 1 Test Questions

Directions

Using your resource materials and Interview Notes, answer the following questions. You are a volunteer at site S11011111.

Note: To complete social security numbers and employer identification numbers, replace Xs with 286560 or with the EFIN provided by your instructor.

- 1.1** Is Fred required to file a tax return?
- a. Yes
 - b. No
- 1.2** If Fred files a return what is the amount Fred can claim for his personal exemption?
- a. \$0
 - b. \$3,300
 - c. \$6,600
 - d. Fred can choose either \$0 or \$3,300
- 1.3** Based on the Interview Notes, which question did Fred answer incorrectly on the Intake and Interview Sheet? _____
- 1.4** What standard deduction amount is Fred eligible to claim? _____
- 1.5** While you are preparing Fred's taxes, he tells you that he received a \$5,000 gift from his grandmother in 2006. Should that income be included on Fred's 1040?
- a. Yes
 - b. No
- 1.6** Is Fred eligible to claim the Earned Income Tax Credit?
- a. Yes
 - b. No

Basic Scenario 2: Jake and Maria Flood

Taxpayer Jake and Maria Flood completed their Intake and Interview Sheet (Form 13614) and want to file together.

Taxpayer Documents

- Social Security card for Jake Flood
- Social Security card for Maria Flood
- Form W-2 for Jake Flood
- Form W-2 for Maria Flood
- Form 1099-INT from credit union
- Form 1099-G for unemployment Maria received: \$3,000
- Worker's compensation for Jake: \$1,000

Interview Notes

- Jake and Maria do not receive tips from their jobs.
- Neither one attends school.
- Jake pays child support each month for a son who lives with the son's mother. The son's mother always claims the son on her tax return.
- Neither Jake nor Maria has received any distributions from any type of retirement plan.
- Both of them want to designate \$3 to go to the Presidential Election Campaign Fund.



Intake and Interview Sheet

You (and Spouse) will need:

- Proof of identity
- Copies of ALL W-2 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name JAKE	M.I. H	Last Name FLOOD	2. SSN or ITIN 1 2 0 - X X - X X X X
3. Date of Birth (mm/dd/yyyy) 02 / 27 / 1980	4. Job Title CUSTODIAN		
5. Spouse's First Name MARIA	M.I. E	Last Name FLOOD	6. SSN or ITIN 1 2 1 - X X - X X X X
7. Date of Birth (mm/dd/yyyy) 08 / 19 / 1983	8. Job Title HOUSEKEEPING		
9. Address 2022 RILEY ROW	Apt # 205	City YOUR CITY	State YS
10. Phone Numbers: Daytime YOUR PHONE NUMBER		Evening	Cell
11. Are you a U.S. Citizen? ☒ Yes ☐ No		12. Is your Spouse a U.S. Citizen? ☒ Yes ☐ No	
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? ☐ Yes ☒ No			
14. Did you pay more than half the cost of keeping up the home? ☒ Yes ☐ No			
15. Check if Legally Blind: ☐ Taxpayer ☐ Spouse			
16. Check if Permanently and Totally Disabled: ☐ Taxpayer ☐ Spouse			
17. On December 31st 2006: Were you: ☐ Single ☒ Legally Married ☐ Separated ☐ Divorced a. If married, were you living with your spouse at anytime during the last 6 months of the year? ☒ Yes ☐ No			
18. Was your spouse deceased? If yes, provide the date of death. ____ / ____ / ____ (mm/dd/yyyy)			

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

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

Name	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship (son, daughter, etc.)	Months person lived with you in 2006	Check if resident of Canada or Mexico	Is the dependent a full time student? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)

Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is: ☐ Single ☐ MFJ ☐ MFS* ☐ HH ☐ Qualifying Widow(er)

*Spouse Name _____ Social Security Number _____

Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- ☐ Yes ☐ No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?
☐ Yes ☐ No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?
☐ Yes ☐ No 4. Is the dependent permanently and totally disabled?
5. Based on the interview, how many individuals qualify as dependents for this return? _____
-

COMMONLY USED INCOME AND EXPENSES

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Part IV. Income – In 2006, did you receive:

- ☒ Yes ☐ No 1. Wages or Salary (Include W-2s for all jobs worked during the year)
☐ Yes ☒ No 2. Disability income
☒ Yes ☐ No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account
☐ Yes ☒ No 4. State tax refund (may be taxable if you itemized last year)
☐ Yes ☒ No 5. Alimony income
☐ Yes ☒ No 6. Tip income
☐ Yes ☒ No 7. Pension and/or IRA distribution
☒ Yes ☐ No 8. Unemployment
☐ Yes ☒ No 9. Social Security or Railroad Retirement
☐ Yes ☒ No 10. Self Employment
☐ Yes ☒ No 11. Other income such as gambling winnings, awards, prizes and Jury duty
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Part V. Adjustment – Did you have 2006 expenses for:

- ☐ Yes ☒ No 1. IRA or other retirement account
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☐ Yes ☒ No 3. Education related expenses
-

Part VI. Itemized Deductions – Did you have 2006 expenses for:

- ☐ Yes ☒ No 1. Un-reimbursed medical expenses
☐ Yes ☒ No 2. Home mortgage payments (interest and taxes – see Form 1098)
☐ Yes ☒ No 3. Charitable contributions
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Part VII. Credits – In 2006, did you have:

- ☐ Yes ☒ No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
☐ Yes ☒ No 2. Educational expenses for you or your dependents
☐ Yes ☐ No 3. Retirement Savings Contribution
-

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

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

a Control number		22222		Void ☐		For Official Use Only ▶ OMB No. 1545-0008	
b Employer identification number (EIN) 02-1XXXXXX				1 Wages, tips, other compensation 21080.00		2 Federal income tax withheld 1080.00	
c Employer's name, address, and ZIP code NORTHSIDE ISD 9843 LANDINGS POINT YOUR CITY, STATE ZIP				3 Social security wages 21580.00		4 Social security tax withheld 1338	
				5 Medicare wages and tips 21580.00		6 Medicare tax withheld 313	
				7 Social security tips		8 Allocated tips	
d Employee's social security number 120 XX XXXX				9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial JAKE H		Last name FLOOD		Suff. 		11 Nonqualified plans	
2022 RILEY ROW, APT 205 YOUR CITY, STATE ZIP				12a See instructions for box 12 D 500.00		12b	
				13 Statutory employee ☐ Retiree ☒ Temporary ☐		12c	
				14 Other		12d	
f Employee's address and ZIP code							
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
YS	02-1XXXXXX	21080.00	327.00				

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

2006

Department of the Treasury—Internal Revenue Service

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Cat. No. 101340

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a Control number		22222		Void ☐		For Official Use Only ▶ OMB No. 1545-0008	
b Employer identification number (EIN) 02-2XXXXXX				1 Wages, tips, other compensation 10200.00		2 Federal income tax withheld 423.00	
c Employer's name, address, and ZIP code STAY-A-WHILE MOTEL 18302 WEST MARLBORO MESA YOUR CITY, STATE ZIP				3 Social security wages 10200.00		4 Social security tax withheld 632.00	
				5 Medicare wages and tips 10200.00		6 Medicare tax withheld 148.00	
				7 Social security tips		8 Allocated tips	
d Employee's social security number 121 XX XXXX				9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial MARIA E		Last name FLOOD		Suff. 		11 Nonqualified plans	
2022 RILEY ROW APT 205 YOUR CITY, STATE ZIP				12a See instructions for box 12		12b	
				13 Statutory employee ☐ Retiree ☐ Temporary ☐		12c	
				14 Other		12d	
f Employee's address and ZIP code							
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
YS	02-2XXXXXX	10200.00	195.00				

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

2006

Department of the Treasury—Internal Revenue Service

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State Worker's Compensation Commission

1216 Jordan
Your City, Your State Your Zip

January 6, 2007

Statement of Worker's Compensation Benefits

Period ending 12/31/2006

Jake H. Flood 120-XX-XXXX

Year to date benefits received \$1000

Roger P. Andrews

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. TEACHERS FEDERAL CREDIT UNION 74 PAYDEN PLACE YOUR CITY, STATE ZIP		Payer's RTN (optional)	GMB No. 1545-0112 2006 Form 1099-INT	Interest Income 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.
PAYER'S Federal identification number 02-3XXXXXXX	RECIPIENT'S identification number 120-XX-XXXX	1 Interest income not included in box 3 \$ 215.00		
RECIPIENT'S name JAKE FLOOD		2 Early withdrawal penalty \$	3 Interest on U.S. Savings Bonds and Treas. obligations \$	
Street address (including apt. no.) 2022 RILEY ROW APT 205		4 Federal income tax withheld \$	5 Investment expenses \$	
City, state, and ZIP code YOUR CITY, STATE ZIP		6 Foreign tax paid \$	7 Foreign country or U.S. possession	
Account number (see instructions)				

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

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. STATE UNEMPLOYMENT COMMISSION 100 MARKET STREET YOUR CITY, STATE ZIP		1 Unemployment compensation \$ 3000	OMB No. 1545-0120 2006 Form 1099-G
		2 State or local income tax refunds, credits, or offsets \$	
PAYER'S federal identification number 02-XXXXXX	RECIPIENT'S identification number 121-XX-XXXX	3 Box 2 amount is for tax year	4 Federal income tax withheld \$ 0
RECIPIENT'S name MARIA E FLOOD Street address (including apt. no.) 2022 RILEY ROW, APT 205 City, state, and ZIP code YOUR CITY, STATE ZIP Account number (see instructions)		5 ATAA payments \$	6 Taxable grants \$
		7 Agriculture payments \$	8 Box 2 is trade or business income ☐

**Certain
Government
Payments**

**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.

Form **1099-G**

(keep for your records)

Department of the Treasury - Internal Revenue Service

Basic Scenario 2 Test Questions

Directions

Complete Form 1040 for Jack and Maria Flood through line 56 in order to answer the following questions. You are a volunteer at site S12011111.

Note: To complete social security numbers and employer identification numbers, replace Xs with 286560 or with the EFIN provided by your instructor.

- 2.1** The Floods' total income on line 22 of Form 1040 is:
- a. \$31,280
 - b. \$31,495
 - c. \$32,495
 - d. \$34,280
 - e. \$34,495
- 2.2** The standard deduction amount the Floods can claim on Form 1040 line 40 is: \$ _____
- 2.3** If the Floods' taxable income on line 43 of Form 1040 is \$17,595, what is the tax on line 44?
- a. \$1,866
 - b. \$1,874
 - c. \$1,881
 - d. \$1,889
- 2.4** Publication 4012, Volunteer Resource Guide, has a chart of the requirements for qualifying for the Retirement Savings Credit. That information starts on page _____
- 2.5** Do the Floods qualify for the Retirement Savings Contribution Credit on their tax return?
- a. Yes
 - b. No
- 2.6** On their joint return, can Jake and Maria deduct the child support that Jake pays for his son?
- a. Yes
 - b. No

Basic Scenario 3: Matilde and Darius Howard

Taxpayer Matilde and Darius Howard completed their Intake and Interview Sheet, Form 13614, and want to file together. Their two children, Michael and Isabelle live with them.

Taxpayer Documents

- Social security cards for Matilde, Darius, Michael, and Isabelle Howard
- Form W-2 for Matilde Howard
- Form W-2 for Darius Howard
- Form 1099-DIV from US Equity Fund
- Form 1098-T from Brown Junior College
- Statement from Extended Learning Center
- Statement from Outdoor Experiences

Interview Notes

- Their son, Michael, started college in September, working toward a degree in business. They used a student loan to pay for tuition, fees, books and other expenses since he did not have a scholarship. Michael was free of any felony conviction for possessing or distributing a controlled substance.
- They showed you a statement from Brown Junior College showing Tuition and Fees paid matching the dollar amount in box 2 of Form 1098-T.
- Their daughter, Isabelle, attended school and went to after-school care during the school year until either Darius or Matilde could pick her up.
- Isabelle attended an overnight camp for one week.
- Most of the summer, Michael took care of Isabelle during the day and his parents paid him \$375. This was his only income for the year.
- The Howards paid Beatrice Wallace, a neighbor, \$400 to keep Isabelle in Beatrice's home for two weeks during the summer. Her SSN is 134-XX-XXXX, and her address is 1920 Calvin's Court, Plantation FL, 33306.
- The Howards want to claim the Federal Telephone Excise Tax. They state they paid taxes on their long distance service but did not keep any bills that would show the amount they paid.



Intake and Interview Sheet

You (and Spouse) will need:

- Proof of identity
- Copies of ALL W-2 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name DARIUS	M.I. P	Last Name HOWARD	2. SSN or ITIN 1 3 0 - X X - X X X X
3. Date of Birth (mm/dd/yyyy) 09 / 21 / 1960	4. Job Title TRUCK DRIVER		
5. Spouse's First Name MATILDE	M.I. S	Last Name HOWARD	6. SSN or ITIN 1 3 1 - X X - X X X X
7. Date of Birth (mm/dd/yyyy) 03 / 06 / 1961	8. Job Title SALES CLERK		
9. Address 1932 CALVIN'S COURT	Apt #	City YOUR CITY	State YS
10. Phone Numbers: Daytime YOUR PHONE NUMBER	Evening	Cell	Zip Code YOUR ZIP
11. Are you a U.S. Citizen? ☒ Yes ☐ No		12. Is your Spouse a U.S. Citizen? ☒ Yes ☐ No	
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? ☐ Yes ☒ No			
14. Did you pay more than half the cost of keeping up the home? ☒ Yes ☐ No			
15. Check if Legally Blind: ☐ Taxpayer ☐ Spouse			
16. Check if Permanently and Totally Disabled: ☐ Taxpayer ☐ Spouse			
17. On December 31st 2006: Were you: ☐ Single ☒ Legally Married ☐ Separated ☐ Divorced a. If married, were you living with your spouse at anytime during the last 6 months of the year? ☒ Yes ☐ No			
18. Was your spouse deceased? If yes, provide the date of death. ____ / ____ / ____ (mm/dd/yyyy)			

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

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

Name	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship (son, daughter, etc.)	Months person lived with you in 2006	Check if resident of Canada or Mexico	Is the dependent a full time student? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
MICHAEL T HOWARD	7/25/1987	132-XX-XXXX	SON	12		YES
ISABELLE M HOWARD	12/3/1995	133-XX-XXXX	DAUGHTER	12		YES

Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is: ☐ Single ☐ MFJ ☐ MFS* ☐ HH ☐ Qualifying Widow(er)

*Spouse Name _____ Social Security Number _____

Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- ☐ Yes ☐ No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?
☐ Yes ☐ No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?
☐ Yes ☐ No 4. Is the dependent permanently and totally disabled?
5. Based on the interview, how many individuals qualify as dependents for this return? _____
-

COMMONLY USED INCOME AND EXPENSES

Volunteers: Please use Publication 17, *Your Federal Income Tax for Individuals* and Publication 4012, *Volunteer Resource Guide* while discussing the questions below with the taxpayer.

Part IV. Income – In 2006, did you receive:

- ☒ Yes ☐ No 1. Wages or Salary (Include W-2s for all jobs worked during the year)
☐ Yes ☒ No 2. Disability income
☒ Yes ☐ No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account
☐ Yes ☒ No 4. State tax refund (may be taxable if you itemized last year)
☐ Yes ☒ No 5. Alimony income
☐ Yes ☒ No 6. Tip income
☐ Yes ☒ No 7. Pension and/or IRA distribution
☐ Yes ☒ No 8. Unemployment
☐ Yes ☒ No 9. Social Security or Railroad Retirement
☐ Yes ☒ No 10. Self Employment
☐ Yes ☒ No 11. Other income such as gambling winnings, awards, prizes and Jury duty
-

Part V. Adjustment – Did you have 2006 expenses for:

- ☐ Yes ☒ No 1. IRA or other retirement account
☐ Yes ☒ No 2. Alimony payments paid (If yes, you must provide the name and SSN of the recipient)
☐ Yes ☒ No 3. Education related expenses
-

Part VI. Itemized Deductions – Did you have 2006 expenses for:

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

Part VII. Credits – In 2006, did you have:

- ☒ Yes ☐ No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
☒ Yes ☐ No 2. Educational expenses for you or your dependents
☐ Yes ☒ No 3. Retirement Savings Contribution
-

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

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

a Control number		22222		Void ☐		For Official Use Only ▶ OMB No. 1545-0048	
b Employer identification number (EIN) 03-XXXXXX				1 Wages, tips, other compensation 24900.00		2 Federal income tax withheld 1344.00	
c Employer's name, address, and ZIP code CROSSROADS SHIPPING 12 DOUGHTIE STREET STE 150 YOUR CITY, STATE ZIP				3 Social security wages 24900.00		4 Social security tax withheld 1544.00	
				5 Medicare wages and tips 24900.00		6 Medicare tax withheld 361.00	
				7 Social security tips		8 Allocated tips	
d Employee's social security number 130 XX XXXX				9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial DARIUS		Last name HOWARD		Self		11 Nonqualified plans	
1932 CALVINS COURT YOUR CITY, STATE ZIP				13 Statutory employee ☐		12a See instructions for box 12	
				Retirement plan ☒		12b	
				Third-party sick pay ☐		12c	
				14 Other		12d	
f Employee's address and ZIP code							
15 State YS		Employer's state ID number 03-XXXXXX		16 State wages, tips, etc. 24900.00		17 State income tax 725.00	
				18 Local wages, tips, etc.		19 Local income tax	
						20 Locality name	

Form **W-2** Wage and Tax Statement **2006** Department of the Treasury—Internal Revenue Service
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a Control number		22222		Void ☐		For Official Use Only ▶ OMB No. 1545-0048	
b Employer identification number (EIN) 03-XXXXXX				1 Wages, tips, other compensation 13,855.00		2 Federal income tax withheld 540.00	
c Employer's name, address, and ZIP code BONNIES BONNETS 2250 DELORIS AVE YOUR CITY, STATE ZIP				3 Social security wages 13,855.00		4 Social security tax withheld 859.00	
				5 Medicare wages and tips 13,855.00		6 Medicare tax withheld 201.00	
				7 Social security tips		8 Allocated tips	
d Employee's social security number 131 XX XXXX				9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial MATILDE S		Last name HOWARD		Self		11 Nonqualified plans	
1932 CALVINS COURT YOUR CITY, STATE ZIP				13 Statutory employee ☐		12a See instructions for box 12	
				Retirement plan ☐		12b	
				Third-party sick pay ☐		12c	
				14 Other		12d	
f Employee's address and ZIP code							
15 State YS		Employer's state ID number 03-XXXXXX		16 State wages, tips, etc. 13855.00		17 State income tax 519.00	
				18 Local wages, tips, etc.		19 Local income tax	
						20 Locality name	

Form **W-2** Wage and Tax Statement **2006** Department of the Treasury—Internal Revenue Service
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8383 ☐ VOID ☐ CORRECTED		Tuition Statement	
FILER'S name, street address, city, state, ZIP code, and telephone number BROWN JUNIOR COLLEGE 8700 PALLADIN PORTSMOUTH, NH 03801		1 Payments received for qualified tuition and related expenses \$ 2000.00 2 Amounts billed for qualified tuition and related expenses \$ 2000.00	OMB No. 1545-1574 2006 Form 1098-T
FILER'S federal identification no. 03-1XXXXXX	STUDENT'S social security number 132 XX XXXX	3 Check if you have changed your reporting method for 2006: ☐	
STUDENT'S name: MICHAEL T HOWARD		4 Adjustments made for a prior year \$	5 Scholarships or grants \$
Street address (including apt. no.) 1932 CALVINS COURT		6 Adjustments to scholarships or grants for a prior year \$	7 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2007: ☐
City, state, and ZIP code YOUR CITY, STATE ZIP		8 Ins. contract reimb./refund \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2006 General Instructions for Forms 1099, 1098, 5498, and W-20.
Service Provider/Inst. No. (see instr.)	9 Check if at least half-time student: ☒	10 Check if a graduate student: ☐	
Form 1098-T		Cat. No. 25067J	
Department of the Treasury - Internal Revenue Service			
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Extended Learning Center

3030 Joann
Your City, Your State Your Zip

December 31, 2006

Received \$2700 from Matilde Howard for after-school care of Isabelle.

Della Krause

EIN: 03-3XXXXXX

OUTDOOR EXPERIENCES

PO BOX 29805
Your City, Your State Your Zip

August 27, 2008

Received from: Matilde Howard

Amount: \$500

For: One week overnight camp for Isabelle

Jennifer Early, Camp Director

EIN 03-2XXXXXX

☐ CORRECTED (if checked)		OMB No. 1545-0110 2006 Form 1099-DIV		Dividends and Distributions
PAYER'S name, street address, city, state, ZIP code, and telephone no. US EQUITY FUND 8020 YONKERS BLD YOUR CITY, STATE ZIP		1a Total ordinary dividends \$ 112.00	1b Qualified dividends \$ 112.00	Copy B For Recipient
		2a Total capital gain distr. \$ 25.00	2b Unrecap. Sec. 1250 gain \$	
PAYER'S federal identification number 03-4XXXXXX	RECIPIENT'S identification number 131-XX-XXXX			
RECIPIENT'S name MATILDE S HOWARD		2c Section 1202 gain \$	2d Collectibles (28%) gain \$	
Street address (including apt. no.) 1932 CALVINS COURT		3 Nondividend distributions \$	4 Federal income tax withheld \$	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.
City, state, and ZIP code YOUR CITY, STATE ZIP		5 Investment expenses \$	6 Foreign tax paid \$	
Account number (see instructions)		7 Foreign country or U.S. possession	8 Cash liquidation distributions \$	
		9 Noncash liquidation distributions \$		
Form 1099-DIV		(keep for your records)		Department of the Treasury - Internal Revenue Service

Form **1040**Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return 2006

(99)

IRS Use Only—Do not write or staple in this space.

Label

(See instructions on page 16.)

Use the IRS label.

Otherwise, please print or type.

Presidential Election CampaignCheck here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16) ☒ **You** ☒ **Spouse****Filing Status**

Check only one box.

1 ☐ Single2 ☒ Married filing jointly (even if only one had income)3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶4 ☐ Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶5 ☐ Qualifying widow(er) with dependent child (see page 17)**Exemptions**

If more than four dependents, see page 19.

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

(1) First name

Last name

(2) Dependent's social security number

(3) Dependent's relationship to you

(4) ☒ If qualifying child for child tax credit (see page 19)

MICHAEL

HOWARD

132 XX XXXX

SON

ISABELLE

HOWARD

133 XX XXXX

DAUGHTER

d Total number of exemptions claimed

Boxes checked on 6a and 6b

No. of children on 6c who:

• lived with you

• did not live with you due to divorce or separation (see page 20)

Dependents on 6c not entered above

Add numbers on lines above ▶

Income

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

If you did not get a W-2, see page 22.

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

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

7

38755

8a Taxable interest. Attach Schedule B if required

8a

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

8b

9a Ordinary dividends. Attach Schedule B if required

9a

112

b Qualified dividends (see page 23)

9b

112

10 Taxable refunds, credits, or offsets of state and local income taxes (see page 23)

10

11 Alimony received

11

12 Business income or (loss). Attach Schedule C or C-EZ

12

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

13

25

14 Other gains or (losses). Attach Form 4797

14

15a IRA distributions

15a

b Taxable amount (see page 25)

15b

16a Pensions and annuities

16a

b Taxable amount (see page 25)

16b

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

17

18 Farm income or (loss). Attach Schedule F

18

19 Unemployment compensation

19

20a Social security benefits

20a

b Taxable amount (see page 27)

20b

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

21

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

22

38892

Adjusted Gross Income

23 Archer MSA deduction. Attach Form 8853

23

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

24

25 Health savings account deduction. Attach Form 8889

25

26 Moving expenses. Attach Form 3903

26

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

27

28 Self-employed SEP, SIMPLE, and qualified plans

28

29 Self-employed health insurance deduction (see page 30)

29

30 Penalty on early withdrawal of savings

30

31a Alimony paid b Recipient's SSN ▶

31a

32 IRA deduction (see page 31)

32

33 Student loan interest deduction (see page 33)

33

34 Jury duty pay you gave to your employer

34

35 Domestic production activities deduction. Attach Form 8803

35

36 Add lines 23 through 31a and 32 through 35

36

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

37

38892

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 70.

Cat. No. 113309

Form **1040** (2006)

Tax and Credits**Standard Deduction for—**

• People who checked any box on line 38a or 38b or who can be claimed as a dependent, see page 38.

• All others:
Single or Married filing separately, \$3,150

Married filing jointly or Qualifying widow(er), \$7,350

Head of household, \$7,350

38	Amount from line 37 (adjusted gross income)	38	38892
39a	Check ☐ You were born before January 2, 1942, ☐ Blind. Total taxes checked ☐ 39a		
b	If your spouse itemizes on a separate return or you were a dual-status alien, see page 35 and check here ☐ 39b		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	10300
41	Subtract line 40 from line 38	41	28592
42	If line 38 is over \$112,575, or you provided housing to a person displaced by Hurricane Katrina, see page 37. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d	42	13200
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	15392
44	Tax (see page 37). Check if any tax is from: a ☐ Form(s) 9814 b ☐ Form 4972	44	1543
45	Alternative minimum tax (see page 35). Attach Form 8863	45	
46	Add lines 44 and 45	46	1543
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule A	49	
50	Education credits. Attach Form 8863	50	
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Residential energy credits. Attach Form 5695	52	
53	Child tax credit (see page XX). Attach Form 8801 if required	53	
54	Credits from: a ☐ Form 8396 b ☐ Form 8839 c ☐ Form 8859	54	
55	Other credits: a ☐ Form 8800 b ☐ Form 8801 c ☐ Form	55	
56	Add lines 47 through 55. These are your total credits	56	
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	

Other Taxes

58	Self-employment tax. Attach Schedule SE	58	
59	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 9	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57 through 62. This is your total tax	63	

Payments

If you have a qualifying child, attach Schedule EIC.

64	Federal income tax withheld from Forms W-2 and 1099	64	
65	2006 estimated tax payments and amount applied from 2005 return	65	
66a	Earned income credit (EIC)	66a	
b	Nontaxable combat pay election ☐ 66b		
67	Excess social security and tier 1 RRTA tax withheld (see page 59)	67	
68	Additional child tax credit. Attach Form 8812	68	
69	Amount paid with request for extension to file (see page 59)	69	
70	Payments from: a ☐ Form 2439 b ☐ Form 4136 c ☐ Form 8000	70	
71	Credit for federal telephone excise tax paid. Attach Form 8813 if required	71	
72	Add lines 64, 65, 66a, and 67 through 71. These are your total payments	72	

Refund

Direct deposit? See page 59 and fill in 74b, 74c, and 74d, or Form 8888.

73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid	73	
74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here ☐ 74a		
b	Routing number	c	Type: ☐ Checking ☐ Savings
d	Account number		
75	Amount of line 73 you want applied to your 2007 estimated tax ☐ 75		

Amount You Owe

76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 60	76	
77	Estimated tax penalty (see page 60)	77	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 61)? ☐ Yes. Complete the following. ☐ No

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

Sign Here

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

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
Your signature	Date	Your occupation	Daytime phone number
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ☐	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code	EIN	Phone no.	

Basic Scenario 3 Test Questions

Directions

Use the partially completed Form 1040 (through line 46) and the additional information to answer the following questions. You are a volunteer at site S13011111.

Note: To complete social security numbers and employer identification numbers, replace Xs with 286560 or with the EFIN provided by your instructor.

- 3.1** The total amount of expenses for Isabelle's care that qualify for inclusion to be entered in box 2c on Part II of Form 2441 (Child and Dependent Care Expenses) is:
- a. \$2,700
 - b. \$3,100
 - c. \$3,600
 - d. \$3,200
 - e. \$3,975
- 3.2** If line 6 of Form 2441, Child and Dependent Care Expense, is \$3,000, what is the credit allowed on line 11?
- a. \$540
 - b. \$690
 - c. \$620
 - d. \$720
- 3.3** What is the amount of line 7, Form 8863, Education Credits, for the Howards? _____.
- 3.4** Publication 4012, Volunteer Resource Guide, has interview tips to help determine whether a taxpayer can claim the Child Tax Credit. That chart is on page _____.
- 3.5** For this question only, if the amount on line 3 of the Child Tax Credit Worksheet is \$1,030, the Child Tax Credit amount the Howards can enter on line 53 of Form 1040 is: _____.
- 3.6** How much Federal Telephone Excise Tax Credit are the Howards qualified to claim on line 71 of Form 1040?
- a. \$30
 - b. \$40
 - c. \$50
 - d. \$60

Basic Scenario 4: Gladys Berry

Taxpayer Gladys Berry completed Form 13614, Intake and Interview Sheet. She has two children, Maria and Kevin.

Taxpayer Documents

- Social Security card for Gladys
- Social Security card for Kevin
- Social Security card for Maria
- Two Forms W-2 for Gladys
- Form 1099-G – unemployment compensation for Gladys
- Form W-2G for Gladys

Interview Notes

- Gladys is married but her husband, Sam, moved out of the house and left the family March 2006, and she has not seen Sam since.
- Gladys' mother (Helen) kept the children (Maria and Kevin) in her home after school and during the summer but did not allow Gladys to pay her anything for this help.
- Gladys was laid off in August and received unemployment for two months.
- If she is due a refund, she wants half placed in her checking account and half in her savings account.
- Gladys spent \$400 purchasing lottery tickets during the year and has the tickets at home.



Form 13614 Rev. August-2006	Department of the Treasury – Internal Revenue Service Intake and Interview Sheet	OMB # 1545-1964
---------------------------------------	--	-----------------

You (and Spouse) will need:

- Proof of Identity
- Copies of ALL W-2 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name GLADYS	M.I. S	Last Name BERRY	2. SSN or ITIN 1 4 0 - X X - X X X X
3. Date of Birth (mm/dd/yyyy) 04 / 29 / 1968	4. Job Title RECEPTIONIST		
5. Spouse's First Name SAM	M.I. A	Last Name BERRY	6. SSN or ITIN - -
7. Date of Birth (mm/dd/yyyy) 05 / 15 / 1961	8. Job Title CONSTRUCTION WORKER		
9. Address 129 PETERBOROUGH	Apt #	City YOUR CITY	State YS Zip Code YOUR ZIP
10. Phone Numbers: Daytime YOUR PHONE NUMBER	Evening	Cell	
11. Are you a U.S. Citizen? ☒ Yes ☐ No		12. Is your Spouse a U.S. Citizen? ☒ Yes ☐ No	
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? ☐ Yes ☒ No			
14. Did you pay more than half the cost of keeping up the home? ☒ Yes ☐ No			
15. Check if Legally Blind: ☐ Taxpayer ☐ Spouse			
16. Check if Permanently and Totally Disabled: ☐ Taxpayer ☐ Spouse			
17. On December 31st 2006: Were you: ☐ Single ☒ Legally Married ☐ Separated ☐ Divorced a. If married, were you living with your spouse at anytime during the last 6 months of the year? ☐ Yes ☒ No			
18. Was your spouse deceased? If yes, provide the date of death. ____ / ____ / ____ (mm/dd/yyyy)			

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

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

Name	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship (son, daughter, etc.)	Months person lived with you in 2006	Check if resident of Canada or Mexico	Is the dependent a full time student? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
MARIA S BERRY	8/25/2000	141-XX-XXXX	DAUGHTER	12		YES
KEVIN T BERRY	6/6/1996	142-XX-XXXX	SON	12		YES

Catalog Number 38836A

Form **13614** (Rev. 8-2006)

STOP Page 2 TO BE COMPLETED BY CERTIFIED VOLUNTEER

Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is: ☐ Single ☐ MFJ ☐ MFS* ☐ HH ☐ Qualifying Widow(er)

*Spouse Name _____ Social Security Number _____

Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- ☐ Yes ☐ No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?
☐ Yes ☐ No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?
☐ Yes ☐ No 4. Is the dependent permanently and totally disabled?
5. Based on the interview, how many individuals qualify as dependents for this return? _____

COMMONLY USED INCOME AND EXPENSES

Volunteers: Please use Publication 17, *Your Federal Income Tax for Individuals* and Publication 4012, *Volunteer Resource Guide* while discussing the questions below with the taxpayer.

Part IV. Income – In 2006, did you receive:

- ☒ Yes ☐ No 1. Wages or Salary (Include W-2s for all jobs worked during the year)
☐ Yes ☒ No 2. Disability income
☐ Yes ☒ No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account
☐ Yes ☒ No 4. State tax refund (may be taxable if you itemized last year)
☐ Yes ☒ No 5. Alimony income
☐ Yes ☒ No 6. Tip income
☐ Yes ☒ No 7. Pension and/or IRA distribution
☒ Yes ☐ No 8. Unemployment
☐ Yes ☒ No 9. Social Security or Railroad Retirement
☐ Yes ☒ No 10. Self Employment
☒ Yes ☐ No 11. Other income such as gambling winnings, awards, prizes and Jury duty

Part V. Adjustment – Did you have 2006 expenses for:

- ☐ Yes ☒ No 1. IRA or other retirement account
☐ Yes ☒ No 2. Alimony payments paid (If yes, you must provide the name and SSN of the recipient)
☐ Yes ☒ No 3. Education related expenses

Part VI. Itemized Deductions – Did you have 2006 expenses for:

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

Part VII. Credits – In 2006, did you have:

- ☐ Yes ☒ No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
☐ Yes ☒ No 2. Educational expenses for you or your dependents
☐ Yes ☒ No 3. Retirement Savings Contribution

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

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

a Control number		22222		Void ☐		For Official Use Only ▶ OMB No. 1545-0048	
b Employer identification number (EIN) 04-1XXXXXX				1 Wages, tips, other compensation 10790		2 Federal income tax withheld 484	
c Employer's name, address, and ZIP code LOST PINES CRAFTS 10599 LILLIAN YOUR CITY, STATE ZIP				3 Social security wages 10790		4 Social security tax withheld 669	
				5 Medicare wages and tips 10790		6 Medicare tax withheld 156	
				7 Social security tips		8 Allocated tips	
d Employee's social security number 140 XX XXXX				9 Advance EIC payment 52		10 Dependent care benefits	
e Employee's first name and initial GLADYS S		Last name BERRY		Self		11 Nonqualified plans	
129 PETERBOROUGH YOUR CITY, STATE ZIP				13 Health insurance ☐		12a See instructions for box 12	
				Retirement plan ☐		12b	
				Third-party sick pay ☐		12c	
14 Other						12d	
f Employee's address and ZIP code							
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
YS	04-1XXXXXX	10790	155				

W-2 Wage and Tax Statement **2006** Department of the Treasury—Internal Revenue Service
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a Control number		22222		Void ☐		For Official Use Only ▶ OMB No. 1545-0048	
b Employer identification number (EIN) 04-2XXXXXX				1 Wages, tips, other compensation 6250.00		2 Federal income tax withheld 253.00	
c Employer's name, address, and ZIP code ORTHOPEDIC SERVICES, PA 1270 WEST 29TH STREET YOUR CITY, STATE ZIP				3 Social security wages 6250.00		4 Social security tax withheld 388.00	
				5 Medicare wages and tips 6250.00		6 Medicare tax withheld 91.00	
				7 Social security tips		8 Allocated tips	
d Employee's social security number 140 XX XXXX				9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial GLADYS S		Last name BERRY		Self		11 Nonqualified plans	
129 PETERBOROUGH YOUR CITY, STATE ZIP				13 Health insurance ☐		12a See instructions for box 12	
				Retirement plan ☐		12b	
				Third-party sick pay ☐		12c	
14 Other						12d	
f Employee's address and ZIP code							
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
YS	04-2XXXXXX	6250.00	97.00				

W-2 Wage and Tax Statement **2006** Department of the Treasury—Internal Revenue Service
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3232

☐ CORRECTED

PAYER'S name STATE LOTTERY COMMISSION		1 Gross winnings 800	2 Federal income tax withheld 0
Street address 1800 RAINBOW'S END		3 Type of wager QUICK PICK TICKET	4 Date won 07 27 2006
City, state, and ZIP code YOUR CITY, STATE ZIP		5 Transaction	6 Race
Federal identification number 04-XXXXXX	Telephone number	7 Writings from identical wagers	8 Cashier
WINNER'S name GLADYS S BERRY		9 Winner's taxpayer identification no. 140-XX-XXXX	10 Window
Street address (including apt. no.) 129 PETERBOROUGH		11 First I.D.	12 Second I.D.
City, state, and ZIP code YOUR CITY, STATE ZIP		13 State/Power's state identification no.	14 State income tax withheld

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

Signature **▶** Date **▶**

OMB No. 1545-0038

2006

Form W-2G

Certain Gambling Winnings

For Privacy Act and Paperwork Reduction Act Notice, see the 2006 General Instructions for Forms 1099, 1098, 5498, and W-2G.

File with Form 1096.

Copy A
For Internal Revenue Service Center

Form **W-2G**

Cat. No. 10138V

Department of the Treasury - Internal Revenue Service

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. STATE UNEMPLOYMENT COMMISSION 1000 GOVERNMENT PLAZA YOUR CITY, STATE ZIP		1 Unemployment compensation \$ 2510.00	OMB No. 1545-0120 2006 Form 1099-G
PAYER'S federal identification number 04-3XXXXXX	RECIPIENT'S identification number 140-XX-XXXX	2 State or local income tax refunds, credits, or offsets \$	3 Box 2 amount is for tax year
RECIPIENT'S name GLADYS BERRY		4 Federal income tax withheld \$ 0	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.) 129 PETERBOROUGH		5 ATAA payments \$	
City, state, and ZIP code YOUR CITY, STATE ZIP		6 Taxable grants \$	
Account number (see instructions)		7 Agriculture payments \$	8 Box 2 is trade or business income ☐

Form **1099-G**

(keep for your records)

Department of the Treasury - Internal Revenue Service

Gladys S. Berry
129 Peterborough
Your City, State 00000

1234

15-0000000000

20

PAY TO THE
ORDER OF

Bank of America
Anytown, State 00000

For

: 111000025 : 123456789 12

Gladys S. Berry
129 Peterborough
Your City, State 00000

Date
Deposits may not be available for immediate withdrawal

Sign Here for Cash Received

Bank of America
Anytown, State 00000

: 111000026 : 987654321

Savings Deposit

Please endorse all checks.

Cash

Checks

Subtotal

Less Cash Received

Total Deposit

Basic Scenario 4 Test Questions

Directions

Using your resource materials, answer the following questions. You are a volunteer at site S14011111.

Note: To complete social security numbers and employer identification numbers, replace Xs with 286560 or with the EFIN provided by your instructor.

- 4.1** What is Gladys' filing status?
- a. Single
 - b. Married Filing Jointly
 - c. Married Filing Separately
 - d. Head of Household
 - e. Qualifying Widow(er) with dependent child
- 4.2** Looking at Gladys' Form 13614, Intake and Interview Sheet, do her children qualify for the Child Tax Credit?
- a. Yes
 - b. No
- 4.3** If Gladys' taxable income on line 43 on Form 1040 is \$2,900, what is the tax on line 44?
- a. \$0
 - b. \$289
 - c. \$291
 - d. \$294
- 4.4** What amount must Gladys claim on line 21 of Form 1040? \$_____
- 4.5** What is the amount of Gladys' Earned Income Tax Credit? \$_____
- 4.6** Gladys wants to direct deposit her refund into two different accounts. What form does she complete? Form _____.

Basic Scenario 5: Brenda James

Taxpayer Brenda James completed her Form 13614, Intake and Interview Sheet. Her two children, Paul and Emily, live with her.

Taxpayer Documents

- Social security card for Brenda
- Social security card for Paul
- Social security card for Emily
- Two Forms W-2 for Brenda
- Form 1099-DIV from Small Cap Mutual Fund
- Form 1099-INT from First National Bank and Trust

Interview Notes

- Brenda and her family live in Texas.
- Texas does not have a state income tax.
- Brenda's mother, Sara Reynolds, takes care of Paul all day and Emily after school in her home while Brenda works. Brenda paid her mother \$600 in 2006. Her mother's address is 5200 Lancaster, Your City, State Zip.
- Brenda's mother is not eligible for a social security number



Intake and Interview Sheet

You (and Spouse) will need:

- Proof of identity
- Copies of ALL W-2 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name BRENDA	M.I. L	Last Name JAMES	2. SSN or ITIN 1 5 0 - 1 1 - 2 9 7 6
3. Date of Birth (mm/dd/yyyy) 11 / 29 / 1976	4. Job Title CLERK		
5. Spouse's First Name	M.I.	Last Name	6. SSN or ITIN - -
7. Date of Birth (mm/dd/yyyy) / /	8. Job Title		
9. Address 1492 COLUMBUS DRIVE	Apt #	City AUSTIN	State TX
10. Phone Numbers: Daytime YOUR PHONE NUMBER	Evening	Cell	Zip Code 78701
11. Are you a U.S. Citizen? ☒ Yes ☐ No		12. Is your Spouse a U.S. Citizen? ☐ Yes ☐ No	
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? ☐ Yes ☒ No			
14. Did you pay more than half the cost of keeping up the home? ☒ Yes ☐ No			
15. Check if Legally Blind: ☐ Taxpayer ☐ Spouse			
16. Check if Permanently and Totally Disabled: ☐ Taxpayer ☐ Spouse			
17. On December 31st 2006: Were you: ☒ Single ☐ Legally Married ☐ Separated ☐ Divorced a. If married, were you living with your spouse at anytime during the last 6 months of the year? ☐ Yes ☐ No			
18. Was your spouse deceased? If yes, provide the date of death. ____ / ____ / ____ (mm/dd/yyyy)			

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

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

Name	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship (son, daughter, etc.)	Months person lived with you in 2006	Check if resident of Canada or Mexico	Is the dependent a full time student? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
PETER JAMES	5/10/2003	151-05-1003	SON	12		NO
EMILY JAMES	12/5/1997	152-12-0597	DAUGHTER	12		YES

Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is: ☐ Single ☐ MFJ ☐ MFS* ☒ HH ☐ Qualifying Widow(er)

*Spouse Name _____ Social Security Number _____

Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- ☐ Yes ☐ No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?
☐ Yes ☐ No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?
☐ Yes ☐ No 4. Is the dependent permanently and totally disabled?
5. Based on the interview, how many individuals qualify as dependents for this return? _____
-

COMMONLY USED INCOME AND EXPENSES

Volunteers: Please use Publication 17, *Your Federal Income Tax for Individuals* and Publication 4012, *Volunteer Resource Guide* while discussing the questions below with the taxpayer.

Part IV. Income – In 2006, did you receive:

- ☒ Yes ☐ No 1. Wages or Salary (Include W-2s for all jobs worked during the year)
☐ Yes ☒ No 2. Disability income
☒ Yes ☐ No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account
☐ Yes ☒ No 4. State tax refund (may be taxable if you itemized last year)
☐ Yes ☒ No 5. Alimony income
☐ Yes ☒ No 6. Tip income
☐ Yes ☒ No 7. Pension and/or IRA distribution
☐ Yes ☒ No 8. Unemployment
☐ Yes ☒ No 9. Social Security or Railroad Retirement
☐ Yes ☒ No 10. Self Employment
☐ Yes ☒ No 11. Other income such as gambling winnings, awards, prizes and Jury duty
-

Part V. Adjustment – Did you have 2006 expenses for:

- ☐ Yes ☒ No 1. IRA or other retirement account
☐ Yes ☒ No 2. Alimony payments paid (If yes, you must provide the name and SSN of the recipient)
☐ Yes ☒ No 3. Education related expenses
-

Part VI. Itemized Deductions – Did you have 2006 expenses for:

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

Part VII. Credits – In 2006, did you have:

- ☐ Yes ☒ No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
☐ Yes ☒ No 2. Educational expenses for you or your dependents
☐ Yes ☒ No 3. Retirement Savings Contribution
-

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

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

a Control number		22222		Void ☐		For Official Use Only ▶ OMB No. 1545-0046	
b Employer identification number (EIN) 05-1286560				1 Wages, tips, other compensation 20200		2 Federal income tax withheld 816	
c Employer's name, address, and ZIP code METRO LEGAL OFFICES 9850 PECAN AUSTIN, TX 78701				3 Social security wages 20200		4 Social security tax withheld 1252	
				5 Medicare wages and tips 20200		6 Medicare tax withheld 296	
				7 Social security tips		8 Allocated tips	
d Employee's social security number 150 11 2976				9 Advance EIC payment 200		10 Dependent care benefits	
e Employee's first name and initial BRENDA L		Last name JAMES		Self ☐		11 Nonqualified plans	
1492 COLUMBUS DRIVE AUSTIN, TX 78701				13 Statutory employee ☐ Retiree ☐ Temporary help ☐		12a See instructions for box 12	
				14 Other ☐		12b	
						12c	
f Employee's address and ZIP code						12d	
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
TX	05-1286560	20200					

Form W-2 Wage and Tax Statement

2006

Department of the Treasury—Internal Revenue Service

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a Control number		22222		Void ☐		For Official Use Only ▶ OMB No. 1545-0046	
b Employer identification number (EIN) 05-2286560				1 Wages, tips, other compensation 8250		2 Federal income tax withheld 858	
c Employer's name, address, and ZIP code LARAMIE, SNEED, & COLT, PA 4007 OCEAN SIDE DRIVE, STE 500 AUSTIN, TX 78701				3 Social security wages 8250		4 Social security tax withheld 512	
				5 Medicare wages and tips 8250		6 Medicare tax withheld 120	
				7 Social security tips		8 Allocated tips	
d Employee's social security number 150 11 2976				9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial BRENDA L		Last name JAMES		Self ☐		11 Nonqualified plans	
1492 COLUMBUS DRIVE AUSTIN, TX 78701				13 Statutory employee ☐ Retiree ☐ Temporary help ☐		12a See instructions for box 12	
				14 Other ☐		12b	
						12c	
f Employee's address and ZIP code						12d	
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
TX	05-2286560	8250					

Form W-2 Wage and Tax Statement

2006

Department of the Treasury—Internal Revenue Service

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☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. FIRST NATIONAL BANK AND TRUST 1000 MAIN STREET AUSTIN, TX 78701		Payer's RTN (optional)	OMB No. 1545-0112 2006 Form 1099-INT	Interest Income
PAYER'S federal identification number 05-5286580	RECIPIENT'S identification number 150-11-2976	1 Interest income not included in box 3 \$ 57		Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S name BRENDA L JAMES		2 Early withdrawal penalty \$	3 Interest on U.S. Savings Bonds and Treas. obligations \$	
Street address (including apt. no.) 1492 COLUMBUS DR		4 Federal income tax withheld \$ 0	5 Investment expenses \$	
City, state, and ZIP code AUSTIN, TX 78701		6 Foreign tax paid \$	7 Foreign country or U.S. possession	
Account number (see instructions)				
Form 1099-INT		(keep for your records)		Department of the Treasury - Internal Revenue Service

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. SMALL CAP MUTUAL FUND 7800 BRIGHTON AUSTIN, TX 78701P		1a Total ordinary dividends \$ 97	OMB No. 1545-0110 2006 Form 1099-DIV	Dividends and Distributions
PAYER'S federal identification number 05-4286560		1b Qualified dividends \$ 97	2a Total capital gain distr. \$ 80	Copy B For Recipient
RECIPIENT'S identification number 150-11-2976			2b Unrecap. Sec. 1250 gain \$	
RECIPIENT'S name BRENDA LEE JAMES		2c Section 1202 gain \$	2d Collectibles (29%) gain \$	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address (including apt. no.) 1492 COLUMBUS DRIVE		3 Nondividend distributions \$	4 Federal income tax withheld \$ 0	
City, state, and ZIP code AUSTIN, TX 78701		5 Investment expenses \$	6 Foreign tax paid \$	
Account number (see instructions)		7 Foreign country or U.S. possession	8 Cash liquidation distributions \$	
		9 Noncash liquidation distributions \$		
Form 1099-DIV		(keep for your records)		Department of the Treasury - Internal Revenue Service

Form **1040**

Department of the Treasury—Internal Revenue Service

U.S. Individual Income Tax Return 2006

500

Not Use Only—Do not write or staple in this space.

Label

(See instructions on page 16.)

Use the IRS label. Otherwise, please print or type.

Presidential Election Campaign

For the year Jan. 1-Dec. 31, 2006, or other tax year beginning 2006, ending 20		CMB No. 1545-0074
Your first name and initial BRENDA L	Last name JAMES	Your social security number 150 11 2976
If a joint return, spouse's first name and initial Last name		Spouse's social security number
Home address (number and street). If you have a P.O. box, see page 16. 149 COLUMBUS DRIVE		You must enter your SSN(s) above.
City, town or post office, state, and ZIP code. If you have a foreign address, see page 16. AUSTIN, TX 78701		

Checking a box below will not change your tax or refund.

Filing Status

Check only one box.

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

Exemptions

If more than four dependents, see page 19.

6a ☒ Yourself. If someone can claim you as a dependent, do not check box 6a.						Boxes checked on 6a and 6b	1
b ☐ Spouse						No. of children or 6c who	2
c Dependents:						• did not live with you due to divorce or separation (see page 20)	
(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) If qualifying child for credit (see page 18)			
PETER	JAMES	151 05 1003	SON	☒			
EMILY	JAMES	152 12 0697	DAUGHTER	☒			
d Total number of exemptions claimed						Add numbers on lines above	3

Income

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

If you did not get a W-2, see page 22.

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

7 Wages, salaries, tips, etc. Attach Form(s) W-2	7	28450
8a Taxable interest. Attach Schedule B if required	8a	57
b Tax-exempt interest. Do not include on line 8a	8b	
9a Ordinary dividends. Attach Schedule B if required	9a	97
b Qualified dividends (see page 23)	9b	97
10 Taxable refunds, credits, or offsets of state and local income taxes (see page 23)	10	
11 Alimony received	11	
12 Business income or (loss). Attach Schedule C or C-EZ	12	
13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☒	13	80
14 Other gains or (losses). Attach Form 4797	14	
15a IRA distributions	15a	
b Taxable amount (see page 25)	15b	
16a Pensions and annuities	16a	
b Taxable amount (see page 25)	16b	
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18 Farm income or (loss). Attach Schedule F	18	
19 Unemployment compensation	19	
20a Social security benefits	20a	
b Taxable amount (see page 27)	20b	
21 Other income. List type and amount (see page 29)	21	
22 Add the amounts in the far right column for lines 7 through 21. This is your total income	22	28684

Adjusted Gross Income

23 Archer MSA deduction. Attach Form 8853	23	
24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25 Health savings account deduction. Attach Form 8889	25	
26 Moving expenses. Attach Form 3903	26	
27 One-half of self-employment tax. Attach Schedule SE	27	
28 Self-employed SEP, SIMPLE, and qualified plans	28	
29 Self-employed health insurance deduction (see page 30)	29	
30 Penalty on early withdrawal of savings	30	
31a Alimony paid b Recipient's SSN	31a	
32 IRA deduction (see page 31)	32	
33 Student loan interest deduction (see page 33)	33	
34 Jury duty pay you gave to your employer	34	
35 Domestic production activities deduction. Attach Form 8803	35	
36 Add lines 23 through 31a and 32 through 35	36	
37 Subtract line 36 from line 22. This is your adjusted gross income	37	28684

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 78.

Cat. No. 11320R

Form **1040** (2006)

Tax and Credits**Standard Deduction for—**

- People who checked any box on line 38a or 38b or who can be claimed as a dependent, see page 36.
- All others:

Single or Married filing separately, \$5,150
 Married filing jointly or Qualifying widow(er), \$10,300
 Head of household, \$7,500

38	Amount from line 37 (adjusted gross income)	38	28684
39a	Check ☐ You were born before January 2, 1942. ☐ Blind . Total boxes ☐ 39a		
	If: ☐ Spouse was born before January 2, 1942. ☐ Blind . checked ☐ 39b		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	7550
41	Subtract line 40 from line 38	41	21134
42	If line 38 is over \$112,975, or you provided housing to a person displaced by Hurricane Katrina, see page 37. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d	42	9900
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	11234
44	Tax (see page 37). Check if any tax is from: ☐ Form(s) 9814 ☐ Form 4972	44	1133
45	Alternative minimum tax (see page 39). Attach Form 8863	45	
46	Add lines 44 and 45	46	1133
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule R	49	
50	Education credits. Attach Form 8863	50	
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Residential energy credits. Attach Form 5695	52	
53	Child tax credit (see page 50). Attach Form 8801 if required	53	1133
54	Credits from: ☐ Form 8396 ☐ Form 8829 ☐ Form 8859	54	
55	Other credits: ☐ Form 3909 ☐ Form 8801 ☐ Form	55	
56	Add lines 47 through 55. These are your total credits	56	1133
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	0
58	Self-employment tax. Attach Schedule SE	58	
59	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 8	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57 through 62. This is your total tax	63	0
64	Federal income tax withheld from Forms W-2 and 1099	64	1674
65	2006 estimated tax payments and amount applied from 2005 return	65	
66a	Earned income credit (EIC)	66a	1616
67	Nonrefundable combat pay election ☐ 67b	67	
68	Excess social security and tier 1 RRTA tax withheld (see page 58)	68	867
69	Additional child tax credit. Attach Form 8812	69	
70	Amount paid with request for extension to file (see page 59)	70	
71	Payments from: ☐ Form 2439 ☐ Form 4136 ☐ Form 8865	71	
72	Credit for federal telephone excise tax paid. Attach Form 8813 if required	72	4157
73	Add lines 64, 65, 66a, and 67 through 71. These are your total payments	73	4157
74a	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid	74a	4157
75	Amount of line 73 you want applied to your 2007 estimated tax	75	
76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 60	76	
77	Estimated tax penalty (see page 60)	77	

Third Party Designee**Sign Here**

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

Paid Preparer's Use Only

Do you want to allow another person to discuss this return with the IRS (see page 61)? ☐ **Yes.** Complete the following. ☐ **No**

Designee's name	Phone no.	Personal identification number (PIN)
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Your signature	Date	Your occupation
Spouse's signature, if a joint return, both must sign.	Date	Spouse's occupation
Preparer's signature	Date	Check if self-employed ☐
Firm's name (or yours if self-employed, address, and ZIP code)	EDIN	Preparer's SSN or PTIN S15011111
	Phone no.	

Form **8812****Additional Child Tax Credit**1040
1040A
1040NR

OMB No. 1545-0074

2006Attachment
Sequence No. **47**Department of the Treasury
Internal Revenue Service (99)

Complete and attach to Form 1040, Form 1040A, or Form 1040NR.

Name(s) shown on return

BRENDA L JAMES

Your social security number

105 11 2976

Part I All Filers

1	Enter the amount from line 1 of your Child Tax Credit Worksheet on page 42 of the Form 1040 instructions, page 39 of the Form 1040A instructions, or page 20 of the Form 1040NR instructions. If you used Pub. 972, enter the amount from line 8 of the worksheet on page 4 of the publication.	1	2000
2	Enter the amount from Form 1040, line 53; Form 1040A, line 33; or Form 1040NR, line 48.	2	1133
3	Subtract line 2 from line 1. If zero, stop; you cannot take this credit.	3	867
4a	Enter your total earned income (see instructions on back)	4a	28450
b	Nontaxable combat pay (see instructions on back)	4b	
5	Is the amount on line 4a more than \$11,300? ☐ No. Leave line 5 blank and enter -0- on line 6. ☒ Yes. Subtract \$11,300 from the amount on line 4a. Enter the result.	5	17150
6	Multiply the amount on line 5 by 15% (.15) and enter the result. Next, do you have three or more qualifying children? ☒ No. If line 6 is zero, stop; you cannot take this credit. Otherwise, skip Part II and enter the smaller of line 3 or line 6 on line 13. ☐ Yes. If line 6 is equal to or more than line 3, skip Part II and enter the amount from line 3 on line 13. Otherwise, go to line 7.	6	2573

Part II Certain Filers Who Have Three or More Qualifying Children

7	Withheld social security and Medicare taxes from Form(s) W-2, boxes 4 and 6. If married filing jointly, include your spouse's amounts with yours. If you worked for a railroad, see instructions on back.	7	
8	1040 filers: Enter the total of the amounts from Form 1040, lines 27 and 59, plus any uncollected social security and Medicare or tier 1 RRTA taxes included on line 63. 1040A filers: Enter -0-. 1040NR filers: Enter the total of the amounts from Form 1040NR, line 54, plus any uncollected social security and Medicare or tier 1 RRTA taxes included on line 58.	8	
9	Add lines 7 and 8.	9	
10	1040 filers: Enter the total of the amounts from Form 1040, lines 66a and 67. 1040A filers: Enter the total of the amount from Form 1040A, line 40a, plus any excess social security and tier 1 RRTA taxes withheld that you entered to the left of line 42 (see instructions on back). 1040NR filers: Enter the amount from Form 1040NR, line 61.	10	
11	Subtract line 10 from line 9. If zero or less, enter -0-.	11	
12	Enter the larger of line 6 or line 11. Next, enter the smaller of line 3 or line 12 on line 13.	12	

Part III Additional Child Tax Credit

13	This is your additional child tax credit	13	867
----	--	----	-----

1040
1040A
1040NREnter this amount on:
Form 1040, line 68;
Form 1040A, line 41; or
Form 1040NR, line 62.

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 10644E

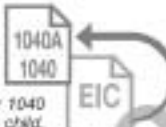
Form **8812** (2006)

SCHEDULE EIC
(Form 1040A or 1040)

Department of the Treasury
Internal Revenue Service 508
Name(s) shown on return

Earned Income Credit
Qualifying Child Information

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



OMB No. 1545-0074

2006

Attachment
Sequence No. **43**

Your social security number
105 11 2978

Before you begin:

See the instructions for Form 1040A, lines 41a and 41b, or Form 1040, lines 66a and 66b, to make sure that (a) you can take the EIC, and (b) you have a qualifying child.



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

Qualifying Child Information

Child 1

Child 2

1 Child's name

If you have more than two qualifying children, you only have to list two to get the maximum credit.

First name	Last name	First name	Last name
PETER	JAMES	EMILY	JAMES

2 Child's SSN

The child must have an SSN as defined on page 44 of the Form 1040A instructions or page 48 of the Form 1040 instructions unless the child was born and died in 2006. If your child was born and died in 2006 and did not have an SSN, enter "Died" on this line and attach a copy of the child's birth certificate.

115	05	1003	152	12	0587

3 Child's year of birth

Year 2 0 0 3

If born after 1987, skip lines 4a and 4b; go to line 5.

Year 1 9 9 7

If born after 1987, skip lines 4a and 4b; go to line 5.

4 If the child was born before 1988—

a Was the child under age 24 at the end of 2006 and a student?

☐ Yes. ☐ No.
Go to line 5. Continue.

☐ Yes. ☐ No.
Go to line 5. Continue.

b Was the child permanently and totally disabled during any part of 2006?

☐ Yes. ☐ No.
Continue. The child is not a qualifying child.

☐ Yes. ☐ No.
Continue. The child is not a qualifying child.

5 Child's relationship to you

(for example, son, daughter, grandchild, niece, nephew, foster child, etc.)

SON

DAUGHTER

6 Number of months child lived with you in the United States during 2006

- If the child lived with you for more than half of 2006 but less than 7 months, enter "7."
- If the child was born or died in 2006 and your home was the child's home for the entire time he or she was alive during 2006, enter "12."

12 months
Do not enter more than 12 months.

12 months
Do not enter more than 12 months.



You may also be able to take the additional child tax credit if your child (a) was under age 17 at the end of 2006, and (b) is a U.S. citizen or resident alien. For more details, see the instructions for line 42 of Form 1040A or line 68 of Form 1040.

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

Cat. No. 13339M

Schedule EIC (Form 1040A or 1040) 2006

Purpose of Schedule

After you have figured your earned income credit (EIC), use Schedule EIC to give the IRS information about your qualifying child(ren).

To figure the amount of your credit or to have the IRS figure it for you, see the instructions for Form 1040A, lines 41a and 41b, or Form 1040, lines 66a and 66b.

Taking the EIC when not eligible. If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. You may also have to pay penalties.

Qualifying Child

A qualifying child for the EIC is a child who is your . . .

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

AND

was . . .

Under age 19 at the end of 2006

or

Under age 24 at the end of 2006 and a student

or

Any age and permanently and totally disabled

AND

who . . .

Lived with you in the United States for more than half of 2006. If the child did not live with you for the required time, see *Exception to time lived with you* on page 43 of the Form 1040A instructions or page 48 of the Form 1040 instructions.



If the child was married or meets the conditions to be a qualifying child of another person (other than your spouse if filing a joint return), special rules apply. For details, see page 44 of the Form 1040A instructions or page 48 of the Form 1040 instructions.



Do you want part of the EIC added to your take-home pay in 2007? To see if you qualify, get Form W-5 from your employer, call the IRS at 1-800-TAX-FORM (1-800-829-3676), or go to www.irs.gov.



Printed on recycled paper

Basic Scenario 5 Test Questions

Directions

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

You are a volunteer at site S15011111.

- 5.1** Which names are entered incorrectly on the tax return? (Select only one answer.)
- a. Brenda
 - b. Emily
 - c. Paul
 - d. Brenda and Paul
 - e. Brenda and Emily
 - f. Paul and Emily
- 5.2** Where has the volunteer entered information on the tax return differently from what is provided in Part I of the Intake and Interview Sheet? Provide the question number from the Intake and Interview Sheet here.

- 5.3** What information did the volunteer fail to enter correctly from a Form W-2:
- a. Box 1
 - b. Box 2
 - c. Box 9
 - d. Box 13
 - e. Box 15
- 5.4** If Brenda had contributed to an IRA and qualified to deduct the contribution, on what line of the Form 1040 would this information be shown? Line _____.
- 5.5** If Brenda contributed to an IRA, what form needs to be completed to determine if she qualified for a Retirement Savings Contributions Credit? Form _____.

- 5.6** Brenda has heard you can deduct childcare expenses and asks if she can deduct the \$600 she paid to her mother. You respond ____.
- a. Yes, we need to complete another form
 - b. No, due to the way the credit for child and dependent care expenses is calculated, the \$600 is not deductible
 - c. No, because she is a relative
 - d. No, because she does not have a social security number
 - e. No, because those types of childcare expenses are not deductible
- 5.7** If you want to make sure the direct deposit information is correctly entered on the tax return, what page should you reference in Publication 4012, Volunteer Resource Guide? Page ____.

This page intentionally left blank.

2006 6744 Test – Intermediate Course

Intermediate Scenario 1: Paul Harvard

Taxpayer Paul Harvard is a general construction worker in Arizona. He is divorced and has no children.

Taxpayer Documents

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

Interview Notes

- Paul won a poker tournament in 2006. He received a form from the casino, but doesn't think he should report the winnings because he lost \$7,215 that weekend.
- Paul bought a certificate of deposit in 2005. It has matured and he received a 1099-INT from the bank. He has not withdrawn the interest but he is entitled to it without penalty.
- Paul paid \$700 in interest on his student loan in 2006.
- Paul served on a jury and received \$150. He kept the money from jury duty and did not turn it over to his employer.
- When Paul changed jobs in 2006, he cashed out his 401K. He received Form 1099-R for that distribution, and he had taxes withheld.
- Pursuant to his divorce, which became final in 2004, Paul pays his ex-wife \$400 a month in alimony. The ex-wife's SSN is 211-XX-XXXX.

**Interview
Notes**
(continued)

- Paul has never itemized his deductions but thinks he may have enough this year. Paul gives you a list of the following items he paid.
 - Interest on car loan \$1,845
 - Medical insurance premiums paid \$1,260
 - Unreimbursed medical and dental bills \$745
 - Non-prescription medicine \$275
 - Vehicle registration fees based on the value of his car \$54
 - Donation to National Public Radio \$80 (received a mug worth \$10 for his donation)
 - Cash contributions to church \$560
 - Paid medical bills for mother, but cannot claim her as a dependent \$1,150
 - Gambling losses \$7,215
 - Union dues \$400
 - Safe deposit box \$30 (Paul keeps savings bonds in a safety deposit box. These bonds accrue interest that will be taxable when they are redeemed.)



Intake and Interview Sheet

You (and Spouse) will need:

- Proof of identity
- Copies of ALL W-2 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name PAUL		M.I. A	Last Name HARVARD		2. SSN or ITIN 2 1 0 - X X - X X X X	
3. Date of Birth (mm/dd/yyyy) 08 / 10 / 1974		4. Job Title CONSTRUCTION WORKER				
5. Spouse's First Name		M.I.	Last Name		6. SSN or ITIN - -	
7. Date of Birth (mm/dd/yyyy) / /		8. Job Title				
9. Address 847 MARTY			Apt #	City PHOENIX	State AZ	Zip Code 85013
10. Phone Numbers: Daytime YOUR PHONE NUMBER		Evening		Cell		
11. Are you a U.S. Citizen? ☒ Yes ☐ No		12. Is your Spouse a U.S. Citizen? ☐ Yes ☐ No				
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? ☐ Yes ☒ No						
14. Did you pay more than half the cost of keeping up the home? ☒ Yes ☐ No						
15. Check if Legally Blind: ☐ Taxpayer ☐ Spouse						
16. Check if Permanently and Totally Disabled: ☐ Taxpayer ☐ Spouse						
17. On December 31st 2006: Were you: ☐ Single ☐ Legally Married ☐ Separated ☒ Divorced a. If married, were you living with your spouse at anytime during the last 6 months of the year? ☐ Yes ☐ No						
18. Was your spouse deceased? If yes, provide the date of death. ____ / ____ / ____ (mm/dd/yyyy)						

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

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

Name	Date of Birth (mm/dd/yyyy)	Social Security Number or ITIN	Relationship (son, daughter, etc.)	Months person lived with you in 2006	Check if resident of Canada or Mexico	Is the dependent a full time student? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)

STOP**Page 2 TO BE COMPLETED BY CERTIFIED VOLUNTEER**

Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is: ☒ Single ☐ MFJ ☐ MFS* ☐ HH ☐ Qualifying Widow(er)

*Spouse Name _____ Social Security Number _____

Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- ☐ Yes ☐ No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?
☐ Yes ☐ No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?
☐ Yes ☐ No 4. Is the dependent permanently and totally disabled?
5. Based on the interview, how many individuals qualify as dependents for this return? _____
-

COMMONLY USED INCOME AND EXPENSES

Volunteers: Please use Publication 17, *Your Federal Income Tax for Individuals* and Publication 4012, *Volunteer Resource Guide* while discussing the questions below with the taxpayer.

Part IV. Income – In 2006, did you receive:

- ☒ Yes ☐ No 1. Wages or Salary (Include W-2s for all jobs worked during the year)
☐ Yes ☒ No 2. Disability income
☒ Yes ☐ No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account
☐ Yes ☒ No 4. State tax refund (may be taxable if you itemized last year)
☐ Yes ☒ No 5. Alimony income
☐ Yes ☒ No 6. Tip income
☒ Yes ☐ No 7. Pension and/or IRA distribution
☐ Yes ☒ No 8. Unemployment
☐ Yes ☒ No 9. Social Security or Railroad Retirement
☐ Yes ☒ No 10. Self Employment
☒ Yes ☐ No 11. Other income such as gambling winnings, awards, prizes and Jury duty
-

Part V. Adjustment – Did you have 2006 expenses for:

- ☐ Yes ☒ No 1. IRA or other retirement account
☒ Yes ☐ No 2. Alimony payments paid (If yes, you must provide the name and SSN of the recipient)
☒ Yes ☐ No 3. Education related expenses
-

Part VI. Itemized Deductions – Did you have 2006 expenses for:

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

Part VII. Credits – In 2006, did you have:

- ☐ Yes ☒ No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
☐ Yes ☒ No 2. Educational expenses for you or your dependents
☐ Yes ☒ No 3. Retirement Savings Contribution
-

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

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

a Control number		22222		Void ☐	For Official Use Only OMB No. 1545-0046	
b Employer identification number (EIN) 11-1XXXXXX				1 Wages, tips, other compensation 38180	3 Federal income tax withheld 5411	
c Employer's name, address, and ZIP code PHOENIX RISING CONSTRUCTION CO 3604 FORREST TRAIL PHOENIX, AZ 85501				2 Social security wages 38180	4 Social security tax withheld 2367	
				6 Medicare wages and tips 38180	8 Medicare tax withheld 554	
				7 Social security tips	9 Allocated tax	
d Employee's social security number 210 XX XXXX				9 Advance EIC payment	10 Dependent care benefits	
e Employee's first name and initial PAUL A		Last name HARVARD		Sub E		
f Employee's address and ZIP code 847 MARTY PHOENIX, AZ 85013				11 Nonqualified plans		
				12a See instructions for box 12		
				12b		
				12c		
g Employee's address and ZIP code				13a		
15 State				16 State wages, tips, etc.		
AZ 11-1XXXXXX				17 State income tax 1076		
18 Local wages, tips, etc.				19 Local income tax		
				20 Local income tax		
				21 Locality name		

Form W-2 Wage and Tax Statement

2006

Department of the Treasury—Internal Revenue Service

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Cat. No. 10134D

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a Control number		22222		Void ☐	For Official Use Only OMB No. 1545-0046	
b Employer identification number (EIN) 11-5XXXXXX				1 Wages, tips, other compensation 1800	3 Federal income tax withheld 115	
c Employer's name, address, and ZIP code SHORT HAUL MOVERS 7850 WINDTALKER PHOENIX, AZ 85501				2 Social security wages 2000	4 Social security tax withheld 124	
				6 Medicare wages and tips 2000	8 Medicare tax withheld 3	
				7 Social security tips	9 Allocated tax	
d Employee's social security number 210 XX XXXX				9 Advance EIC payment	10 Dependent care benefits	
e Employee's first name and initial PAUL A		Last name HARVARD		Sub E		
f Employee's address and ZIP code 847 MARTY PHOENIX, AZ 85013				11 Nonqualified plans		
				12a See instructions for box 12		
				12b		
				12c		
g Employee's address and ZIP code				13a		
15 State				16 State wages, tips, etc.		
AZ 11-5XXXXXX				17 State income tax 66		
18 Local wages, tips, etc.				19 Local income tax		
				20 Local income tax		
				21 Locality name		

Form W-2 Wage and Tax Statement

2006

Department of the Treasury—Internal Revenue Service

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☐ CORRECTED (if checked)		PAYER'S name, street address, city, state, ZIP code, and telephone no. ZIA SAVINGS AND LOAN 5250 DOUGLAS PHOENIX, AZ 85022		Payer's RTN (optional) 	OMB No. 1545-0112 2006 Form 1006-INT	Interest Income
PAYER'S federal identification number 11-2XXXXXX	RECIPIENT'S identification number 210-XX-XXXX	1 Interest income not included in Form 1040 \$ 523		2 Early withdrawal penalty \$		Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013		3 Interest on U.S. Savings Bonds and Treas. obligations \$		4 Federal income tax withheld \$		
Account number (see instructions) 		5 Investment expenses \$		6 Foreign country or U.S. possession 		
7 Foreign country or U.S. possession 		8 Foreign country or U.S. possession 		9 Foreign country or U.S. possession 		
Form 1006-INT (keep for your records) Department of the Treasury - Internal Revenue Service						

☐ CORRECTED		OMB No. 1545-0238 2006 Form W-2G Certain Gambling Winnings	
PAYER'S name DEALERS CHOICE CASINO Street address 7261 S VIRGINIA ST City, state, and ZIP code RENO, NV 89566 Federal identification number 11-3XXXXXX		1 Gross winnings 5600 2 Federal income tax withheld 1376	
Winner's name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013		3 Type of wager POKER TOURNAMENT 4 Date won 10 15 2006	
Telephone number 		5 Transaction 6 Race 	
Winner's taxpayer identification no. 210-XX-XXXX		7 Winnings from slot machines 8 Cashier 7522	
11 First I.D. 		12 Second I.D. 	
13 State/territory identification no. 11-3XXXXXX		14 State income tax withheld 0	
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from slot machines, and that no other person is entitled to any part of these payments.			
Signature PAUL A HARVARD		Date 10/15/2006	
Form W-2G Cat. No. 10138V Department of the Treasury - Internal Revenue Service			

☐ CORRECTED (if checked)		OMB No. 1545-0261 2006 Form 1098		Mortgage Interest Statement
RECIPIENT'S/LENDER'S name, address, and telephone number FIRST MORTGAGE COMPANY 9800 WENGLER WAY YOUR CITY, STATE ZIP		* Caution: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.		Copy B For Payer The information in boxes 1, 2, and 3 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 understatement of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report the refund of interest on your return.
RECIPIENT'S federal identification no. 11-4XXXXXX	PAYER'S social security number 210-XX-XXXX	1 Mortgage interest received from payer(s)/borrower(s) \$ 3045		
PAYER'S/BORROWER'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013		2 Points paid on purchase of principal residence \$		
Account number (see instructions) 		3 Refund of overpaid interest \$		
4 REAL ESTATE TAXES \$917		5 REAL ESTATE TAXES \$917		
Form 1098 (keep for your records) Department of the Treasury - Internal Revenue Service				

☐ CORRECTED (if checked)		OMB No. 1545-1576		2006 Form 1098-E	Student Loan Interest Statement
RECIPIENT'S/LENDER'S name, address, and telephone number Financial Aid Partners 666 Lincoln PHOENIX, AZ 85622					
RECIPIENT'S federal identification no. 11-8XXXXXX	BORROWER'S social security number 210-XX-XXXX	1 Student loan interest received by lender \$ 700		Copy B For Borrower This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for student loan interest.	
BORROWER'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013		2 Box 1 includes loan origination fees and/or capitalized interest (if checked) ☐			
Account number (see instructions)					
Form 1098-E		(keep for your records)		Department of the Treasury - Internal Revenue Service	

☐ CORRECTED (if checked)		OMB No. 1545-0119		2006 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
PAYER'S name, street address, city, state, and ZIP code SOUTHWEST FIDELITY 9810 OAK KNOLL YOUR CITY, STATE ZIP		1 Gross distribution \$ 4550 2a Taxable amount \$ 3350			
PAYER'S federal identification number 11-7XXXXXX	RECIPIENT'S identification number 210-XX-XXXX	2b Taxable amount not determined ☐ Total distribution ☒		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.	
RECIPIENT'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013		3 Capital gain (included in box 2a) \$ 4 Federal income tax withheld \$ 385			
RECIPIENT'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013		5 Employee contributions or insurance premiums/ designated Roth basis \$ 1200 6 Not/unrealized appreciation in employer's securities \$			
RECIPIENT'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013		7 Distribution code(s) 1 ☐ IRA/SEP/ROTH ☐		8 Other \$ %	
RECIPIENT'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013		9a Your percentage of total distribution %		9b Total employee contributions \$	
RECIPIENT'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013		10 State tax withheld \$ 226		11 State/Payer's state no. \$	
RECIPIENT'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013		12 State distribution \$		13 Local tax withheld \$	
RECIPIENT'S name PAUL A HARVARD Street address (including apt. no.) 847 MARTY City, state, and ZIP code PHOENIX, AZ 85013		14 Name of locality \$		15 Local distribution \$	
Form 1099-R		(keep for your records)		Department of the Treasury - Internal Revenue Service	

Intermediate Scenario 1 Test Questions

Direction

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

Note: To complete social security numbers and employer identification numbers, replace Xs with 286560 or with the EFIN provided by your instructor.

- 6.1** Paul's adjusted gross income on Line 37 of Form 1040 is:
- a. \$38,353
 - b. \$44,003
 - c. \$44,703
 - d. \$45,203
- 6.2** What amount is on line 1 of Schedule A in the Medical and Dental Expenses section? \$_____
- 6.3** What is Paul's tax expense on line 9 of Schedule A?
- a. \$971
 - b. \$2,273
 - c. \$2,288
 - d. \$2,342
- 6.4** What amount is on line 14 of Schedule A in the Interest You Paid section? \$_____
- 6.5** The sum of Paul's gifts to charity, listed on line 18 of Schedule A, is:
- a. \$560
 - b. \$630
 - c. \$640
 - d. \$1,780
- 6.6** What amount is on line 23 of Schedule A in the Job Expenses and Certain Miscellaneous Deductions section? \$_____

- 6.7** Paul's other miscellaneous deductions on line 27 of Schedule A, are:
- a. \$0
 - b. \$5,500
 - c. \$5,930
 - d. \$7,215
- 6.8** You explain to Paul that, even though he had taxes withheld when he cashed out his 401K, he still owes an additional tax. What is the amount of additional tax imposed on the early withdrawal from qualified retirement plans on line 60 on Form 1040? \$_____
- 6.9** How much can Paul deduct as an adjustment to income for alimony paid on line 31a on Form 1040? \$_____
- 6.10** Publication 4012, Volunteer Resource Guide, provides examples of income items and the appropriate line on Form 1040. Provide the page number for that list. Page _____
- 6.11** What is the total federal income tax withholding reported on all of Paul's income reporting documents which would be on line 64 of Form 1040?
- a. \$5,526
 - b. \$5,911
 - c. \$6,901
 - d. \$7,286

Intermediate Scenario 2: George and Alberta Farmer

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

Taxpayer Documents

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

Interview Notes

- George retired in 2004 and is receiving a pension and social security.
- George began doing consulting work on a gardening book in June 2006. This requires him to travel to public and private gardens. He received Form 1099-MISC, which included all income from this business.
- George has written records for all of his business expenses:
 - August 26, 2006, he purchased a truck used primarily for business travel (he has another car for personal use). He logged 5,300 miles on the truck including 5,100 miles for business use.
 - Office expenses (paper, postage, envelopes, etc.) of \$216.
 - Long distance phone calls \$94.
- Alberta works part-time at a nursing home as a cook. Because she doesn't have a retirement plan, she contributed \$1,000 in 2006 to a traditional IRA.
- Alberta took \$4,000 out of the IRA in 2006 so George could buy a truck to use for his gardening business.

**Interview
Notes**
(continued)

- They received \$244 interest on municipal bonds they own, but did not get a statement from the city that issued the bonds. The city issuing the bonds was Your City.
- They have not itemized their deductions since their home was paid off four years ago and do not want to itemize this year.
- The Farmers remodeled their home this year and installed an energy efficient door. They have the manufacturer's certification that it qualifies for the energy credit. The total cost was \$1,000. (\$700 for the door and \$300 for the installation.)



Intake and Interview Sheet

You (and Spouse) will need:

- Proof of identity
- Copies of ALL W-2 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name GEORGE	M.I. C	Last Name FARMER	2. SSN or ITIN 2 2 0 - X X - X X X X
3. Date of Birth (mm/dd/yyyy) 03 / 17 / 1940	4. Job Title RETIRED		
5. Spouse's First Name ALBERTA	M.I. L	Last Name FARMER	6. SSN or ITIN 2 2 1 - X X - X X X X
7. Date of Birth (mm/dd/yyyy) 11 / 22 / 1948	8. Job Title COOK		
9. Address 1551 BALTIC	Apt #	City YOUR CITY	State YS Zip Code YOUR ZIP
10. Phone Numbers: Daytime YOUR PHONE NUMBER	Evening	Cell	
11. Are you a U.S. Citizen? ☒ Yes ☐ No		12. Is your Spouse a U.S. Citizen? ☒ Yes ☐ No	
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? ☐ Yes ☒ No			
14. Did you pay more than half the cost of keeping up the home? ☒ Yes ☐ No			
15. Check if Legally Blind: ☐ Taxpayer ☐ Spouse			
16. Check if Permanently and Totally Disabled: ☐ Taxpayer ☐ Spouse			
17. On December 31st 2006: Were you: ☐ Single ☒ Legally Married ☐ Separated ☐ Divorced a. If married, were you living with your spouse at anytime during the last 6 months of the year? ☒ Yes ☐ No			
18. Was your spouse deceased? If yes, provide the date of death. ____ / ____ / ____ (mm/dd/yyyy)			

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

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

Name	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship (son, daughter, etc.)	Months person lived with you in 2006	Check if resident of Canada or Mexico	Is the dependent a full time student? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)

STOP Page 2 TO BE COMPLETED BY CERTIFIED VOLUNTEER

Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is: ☐ Single ☒ MFJ ☐ MFS* ☐ HH ☐ Qualifying Widow(er)

*Spouse Name _____ Social Security Number _____

Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- ☐ Yes ☐ No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?
☐ Yes ☐ No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?
☐ Yes ☐ No 4. Is the dependent permanently and totally disabled?
5. Based on the interview, how many individuals qualify as dependents for this return? _____
-

COMMONLY USED INCOME AND EXPENSES

Volunteers: Please use Publication 17, *Your Federal Income Tax for Individuals* and Publication 4012, *Volunteer Resource Guide* while discussing the questions below with the taxpayer.

Part IV. Income – In 2006, did you receive:

- ☒ Yes ☐ No 1. Wages or Salary (Include W-2s for all jobs worked during the year)
☐ Yes ☒ No 2. Disability income
☒ Yes ☐ No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account
☐ Yes ☒ No 4. State tax refund (may be taxable if you itemized last year)
☐ Yes ☒ No 5. Alimony income
☐ Yes ☒ No 6. Tip income
☒ Yes ☐ No 7. Pension and/or IRA distribution
☐ Yes ☒ No 8. Unemployment
☒ Yes ☐ No 9. Social Security or Railroad Retirement
☒ Yes ☐ No 10. Self Employment
☐ Yes ☒ No 11. Other income such as gambling winnings, awards, prizes and Jury duty
-

Part V. Adjustment – Did you have 2006 expenses for:

- ☒ Yes ☐ No 1. IRA or other retirement account
☐ Yes ☒ No 2. Alimony payments paid (If yes, you must provide the name and SSN of the recipient)
☐ Yes ☒ No 3. Education related expenses
-

Part VI. Itemized Deductions – Did you have 2006 expenses for:

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

Part VII. Credits – In 2006, did you have:

- ☐ Yes ☒ No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
☐ Yes ☒ No 2. Educational expenses for you or your dependents
☐ Yes ☒ No 3. Retirement Savings Contribution
-

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

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

☐ CORRECTED (if checked)		OMB No. 1545-0110 2006 Form 1099-DIV		Dividends and Distributions
PAYER'S name, street address, city, state, ZIP code, and telephone no. INTERNATIONAL VALUE FUNDS 623 ARBOR HILL YOUR CITY, STATE ZIP		1a Total ordinary dividends \$ 330	1b Qualified dividends \$ 200	Copy B For Recipient
PAYER'S federal identification number 13-3XXXXXX		2a Total capital gain distr. \$ 100		
2b Unrecap. Sec. 1250 gain \$				
2c Section 1202 gain \$		2d Collectibles (28%) gain \$		This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
3 Nondividend distributions \$		4 Federal income tax withheld \$		
5 Investment expenses \$		6 Foreign tax paid \$		
7 Foreign country or U.S. possession \$		8 Cash liquidation distributions \$		
9 Noncash liquidation distributions \$		10 Section 409A income \$		
11 Section 409A deferred \$		12 Section 409A income \$		
13 Section 409A deferred \$		14 Section 409A income \$		15 State tax withheld \$
16 State/Payer's state no. \$		17 State income \$		18 State income \$

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

☐ CORRECTED (if checked)		OMB No. 1545-0115 2006 Form 1099-MISC		Miscellaneous Income
PAYER'S name, street address, city, state, ZIP code, and telephone no. RTK ENTERPRISES 8009 CENTER YOUR CITY, STATE ZIP		1 Rents \$	2 Royalties \$	Copy B For Recipient
PAYER'S federal identification number 13-4XXXXXX		3 Other income \$		
4 Federal income tax withheld \$				
5 Fishing boat proceeds \$		6 Medical and health care payments \$		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.
7 Nonemployee compensation \$4200		8 Substitute payments in lieu of dividends or interest \$		
9 Paper made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale ☐ ☐ \$		10 Crop insurance proceeds \$		
11 Excess golden parachute payments \$		12 Gross proceeds paid to an attorney \$		
13 Section 409A deferred \$		14 Section 409A income \$		
15 State tax withheld \$		16 State/Payer's state no. \$		
17 State income \$		18 State income \$		19 State income \$

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

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code WALTERS, MORGAN & RUIZ 1102 WINDY WAY YOUR CITY, STATE ZIP		1 Gross distribution \$ 4000 2a Taxable amount \$ 4000	OMB No. 1545-0119 2006 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. 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.
PAYER'S federal identification number 13-5XXXXXX	RECIPIENT'S identification number 221-XX-XXXX	3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ 800	This information is being furnished to the Internal Revenue Service.
RECIPIENT'S name ALBERTA L FARMER Street address (including apt. no.) 1551 BALTIC City, state, and ZIP code YOUR CITY, STATE ZIP		5 Employee contributions or insurance premiums/ designated Roth basis \$	6 Net unrealized appreciation in employer's securities \$	
1st year of design. Roth contrib. \$		7 Distribution code(s) 1 IRA/SEP/SIMPLE	8 Other \$	This information is being furnished to the Internal Revenue Service.
		9a Your percentage of total distribution %	9b Total employee contributions \$	
Account number (see instructions) \$		10 State tax withheld \$ 250	11 State/Payer's state no. 13-5XXXXXX	12 State distribution \$ 4000
		13 Local tax withheld \$	14 Name of locality \$	15 Local distribution \$

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

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code SIMPSON & SONS MANUFACTURING 7261 EMERALD DRIVE YOUR CITY, STATE ZIP		1 Gross distribution \$ 21960 2a Taxable amount \$ 21960	OMB No. 1545-0119 2006 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. 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.
PAYER'S federal identification number 13-6XXXXXX	RECIPIENT'S identification number 220-XX-XXXX	3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ 2508	This information is being furnished to the Internal Revenue Service.
RECIPIENT'S name GEORGE C FARMER Street address (including apt. no.) 1551 BALTIC City, state, and ZIP code YOUR CITY, STATE ZIP		5 Employee contributions or insurance premiums/ designated Roth basis \$	6 Net unrealized appreciation in employer's securities \$	
1st year of design. Roth contrib. \$		7 Distribution code(s) 7 IRA/SEP/SIMPLE	8 Other \$	This information is being furnished to the Internal Revenue Service.
		9a Your percentage of total distribution %	9b Total employee contributions \$	
Account number (see instructions) \$		10 State tax withheld \$ 876	11 State/Payer's state no. 13-6XXXXXX	12 State distribution \$ 21960
		13 Local tax withheld \$	14 Name of locality \$	15 Local distribution \$

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

2006 : PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. SEE THE REVERSE FOR MORE INFORMATION.		
Box 1, Name	GEORGE C FARMER	
Box 2, Beneficiary's Social Security Number	ZZO-XX-XXXX	
Box 3, Benefits Paid in 2006	Box 4, Benefits Repaid to SSA in 2006	Box 5, Net Benefits for 2006 (Box 3 minus Box 4) 10800
DESCRIPTION OF AMOUNT IN BOX 3 Benefits paid by direct deposit \$9,138 MEDICARE PREMIUMS DEDUCTED \$1,062 Voluntary Federal Income Tax Withholding \$600 TOTAL \$10,800		DESCRIPTION OF AMOUNT IN BOX 4 Box 6, Voluntary Federal Income Tax Withholding 600 Box 7, Address 1551 BALTIC YOUR CITY, STATE ZIP
		Box 8, Claim Number (use the number if you need to contact SSA)

Form SSA-1007-SM

DO NOT RETURN THIS FOLIO TO S&A OR SAS

Intermediate Scenario 2 Test Questions

Directions

Use the information provided to answer the following questions. You are a volunteer at site S22052222.

Note: To complete social security numbers and employer identification numbers, replace Xs with 286560 or with the EFIN provided by your instructor.

- 7.1** The taxable interest income on line 8a of Form 1040 is:
- a. \$0
 - b. \$244
 - c. \$765
 - d. \$934
- 7.2** The taxable portion of social security benefits on line 20b of Form 1040 is \$_____.
- 7.3** How should the early withdrawal penalty on Form 1099 INT be reported on the Farmers' return?
- a. It is not deductible on this year's return
 - b. Interest income should be reduced by the penalty
 - c. It can only be deducted if they itemize their deductions
 - d. It can be deducted as an adjustment to income
- 7.4** The amount of George's gross receipts as reported on line 1 of Schedule C-EZ, Net Profit from Business, is \$_____.
- 7.5** How much are George's total business expenses on line 2 of Schedule C-EZ?
- a. \$2,369
 - b. \$2,486
 - c. \$2,580
 - d. \$2,669
- 7.6** If George reported \$1,620 as the net profit on line 3 of part II of Schedule C-EZ, what would the adjustment to gross income on line 27 on Form 1040 be? \$_____

- 7.7** Assume that the taxable amount of George's pension was not shown on his Form 1099-R and that there was an entry of \$25,000 in box 5 of that form. Alberta is the beneficiary of George's pension. In order to determine the taxable portion of his pension, what would be the entry on line 3 of the Simplified Method Worksheet?
- a. 260
 - b. 310
 - c. 360
 - d. 410
- 7.8** If the taxpayer received a state tax refund in 2006 for the 2005 tax year, and the taxpayers did not itemize deductions for 2005, must they report the state tax refund as taxable refunds on line 10 of their 2006 Form 1040?
- a. Yes
 - b. No
- 7.9** How much is the residential energy credit that the Farmers report on line 52 of Form 1040? \$_____

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2006 6744 Test – Advanced Course

Advanced Scenario 1: Jenna E. Duboise

Taxpayer Jenna completed Form 13614, Intake and Interview Sheet, and wants to file her tax return. Her husband, Jason, died in 2005. Jenna has not remarried. She has one daughter, Amanda.

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

-
- Interview Notes**
- In February 2006, Jenna started receiving survivors benefit payments from her husband's retirement plan (see Form 1099-R). Jason had not retired. He died while he was still working.
 - Jenna had to sell some of her stock to cover her bills. She brought the broker's statements with her. Both stocks were held as her separate property and neither stock had reinvested dividends.
 - Stock Information:
 - ABC stock
 - Purchased 300 shares on 01/07/2006
 - Cost \$2,100
 - Sold 300 shares on 05/15/2006
 - Sale price: \$1,820 (see Form 1099-B)
 - Broker's fee on sale was \$25
 - XYZ stock
 - Purchased 100 shares on 06/01/2003
 - Cost of 100 shares was \$2,500
 - Sold 60 shares XYZ stock on 10/12/2006
 - Sale price: \$8,000 net commission

Interview

- Jenna and her husband have never itemized deductions.

Notes

(continued)

- Amanda lived with Jenna all year.
- Jenna made four estimated tax payments in the amount of \$475 each for 2006.



Intake and Interview Sheet**You (and Spouse) will need:**

- Proof of Identity
- Copies of ALL W-2 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name JENNA	M.I. E	Last Name DUBOISE	2. SSN or ITIN 3 1 0 - X X - X X X X
3. Date of Birth (mm/dd/yyyy) 12 / 11 / 1959	4. Job Title DAY CARE WORKER		
5. Spouse's First Name JASON	M.I. R	Last Name DUBOISE	6. SSN or ITIN 3 1 1 - X X - X X X X
7. Date of Birth (mm/dd/yyyy) 03 / 17 / 1955	8. Job Title DECEASED		
9. Address 388 NASH	Apt #	City YOUR CITY	State YS
10. Phone Numbers: Daytime YOUR PHONE NUMBER		Evening	Cell
11. Are you a U.S. Citizen? ☒ Yes ☐ No		12. Is your Spouse a U.S. Citizen? ☒ Yes ☐ No	
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? ☐ Yes ☒ No			
14. Did you pay more than half the cost of keeping up the home? ☒ Yes ☐ No			
15. Check if Legally Blind: ☐ Taxpayer ☐ Spouse			
16. Check if Permanently and Totally Disabled: ☐ Taxpayer ☐ Spouse			
17. On December 31st 2006: Were you: ☒ Single ☐ Legally Married ☐ Separated ☐ Divorced a. If married, were you living with your spouse at anytime during the last 6 months of the year? ☐ Yes ☐ No			
18. Was your spouse deceased? If yes, provide the date of death. 11 / 23 / 2005 (mm/dd/yyyy)			

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

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

Name	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship (son, daughter, etc.)	Months person lived with you in 2006	Check if resident of Canada or Mexico	Is the dependent a full time student? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
AMANDA S DUBOISE	2/19/1992	312-XX-XXXX	DAUGHTER	12		YES

Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is: ☐ Single ☐ MFJ ☐ MFS* ☐ HH ☐ Qualifying Widow(er)

*Spouse Name _____ Social Security Number _____

Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- ☐ Yes ☐ No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?
☐ Yes ☐ No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?
☐ Yes ☐ No 4. Is the dependent permanently and totally disabled?
5. Based on the interview, how many individuals qualify as dependents for this return? _____
-

COMMONLY USED INCOME AND EXPENSES

Volunteers: Please use Publication 17, *Your Federal Income Tax for Individuals* and Publication 4012, *Volunteer Resource Guide* while discussing the questions below with the taxpayer.

Part IV. Income – In 2006, did you receive:

- ☒ Yes ☐ No 1. Wages or Salary (Include W-2s for all jobs worked during the year)
☐ Yes ☒ No 2. Disability income
☐ Yes ☒ No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account
☐ Yes ☒ No 4. State tax refund (may be taxable if you itemized last year)
☐ Yes ☒ No 5. Alimony income
☐ Yes ☒ No 6. Tip income
☒ Yes ☐ No 7. Pension and/or IRA distribution
☐ Yes ☒ No 8. Unemployment
☐ Yes ☒ No 9. Social Security or Railroad Retirement
☐ Yes ☒ No 10. Self Employment
☐ Yes ☒ No 11. Other income such as gambling winnings, awards, prizes and Jury duty
-

Part V. Adjustment – Did you have 2006 expenses for:

- ☐ Yes ☒ No 1. IRA or other retirement account
☐ Yes ☒ No 2. Alimony payments paid (If yes, you must provide the name and SSN of the recipient)
☐ Yes ☒ No 3. Education related expenses
-

Part VI. Itemized Deductions – Did you have 2006 expenses for:

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

Part VII. Credits – In 2006, did you have:

- ☐ Yes ☒ No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
☐ Yes ☒ No 2. Educational expenses for you or your dependents
☐ Yes ☒ No 3. Retirement Savings Contribution
-

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

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

a. Control number		22222	For Official Use Only OMB No. 1545-0046	
b. Employer identification number (EIN) 20-1XXXXXX			1. Wages, tips, other compensation 21889	3. Federal income tax withheld 636
c. Employer's name, address, and ZIP code MOTHER GOOSE NURSERY 987 STAR YOUR CITY, STATE ZIP			2. Social security wages 21889	4. Social security tax withheld 1357
			5. Medicare wages and tips 21889	6. Medicare tax withheld 317
			7. Social security tips	8. Allocated tip
d. Employer's social security number 310 XX XXXX			9. Advance EIC payment	10. Dependent care benefits
e. Employee's first name and initial JENNA E		Last name DUBOISE	11. Nonqualified plans	12a. See instructions for box 12
f. Employee's address and ZIP code 388 NASH YOUR CITY, STATE ZIP			13. Sick pay ☐	13b. ☐
			14. Other ☐	13c. ☐
g. Employee's address and ZIP code			15. State YS	16. Local wages, tips, etc. 21889
18. State income tax 317			19. Local income tax	20. Local wages

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

2006

Department of the Treasury—Internal Revenue Service

Copy A For Social Security Administration — Send this entire page with
Form W-3 to the Social Security Administration; photocopies are not acceptable.

For Privacy Act and Paperwork Reduction
Act Notice, see back of Copy D.

Cat. No. 10134D

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☐ CORRECTED (if checked)		OMB No. 1545-0119 2006 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
PAYER'S name, street address, city, state, and ZIP code SOUTHEAST ISD 1809 QUAIL YOUR CITY, STATE ZIP		1. Gross distribution \$ 20450	2a. Taxable amount \$	
PAYER'S federal identification number 20-2XXXXXX		2b. Taxable amount not determined ☒	Total distribution ☐	
RECIPIENT'S identification number 310-XX-XXXX		3. Capital gain (included in box 2a) \$	4. Federal income tax withheld \$ 484	
RECIPIENT'S name JENNA E DUBOISE		5. Employee contributions or insurance premiums designated Roth basis \$	6. Net unrealized appreciation in employer's securities \$	
Street address (including apt. no.) 388 NASH		7. Distribution code(s) 4	8. Other \$	
City, state, and ZIP code YOUR CITY, STATE ZIP		9a. Your percentage of total distribution %	9b. Total employee contributions \$ 58775	
First year of design. Roth contribu.		10. State tax withheld \$	11. State/Payer's state no. \$	
Account number (see instructions)		12. State distribution \$	13. Local tax withheld \$	
		14. Name of locality \$	15. Local distribution \$	

Form **1099-R**

Department of the Treasury - Internal Revenue Service

7979 ☐ VOID ☐ CORRECTED		OMB No. 1545-0046		2006 Form 1099-B	Proceeds From Broker and Barter Exchange Transactions
PAYER'S name, street address, city, state, ZIP code, and telephone no. NATIONAL EQUITY 279 YORK YOUR CITY, STATE ZIP		1a Date of sale or exchange 10/12/2006 1b CUSIP no.			
2 Stocks, bonds, etc. \$ 8000		3a ☐ Reported to IRS ☒ Not reported to IRS Enter proceeds less commissions and other charges		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2006 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
3b ☐ Reported to IRS ☒ Not reported to IRS Enter proceeds less commissions and other charges		4 Federal income tax withheld \$			
5 Recipient's name JENNA E DUBOISE		6 No. of shares exchanged 60			
7 Description XYZ STOCK		8 Class or class of stock exchanged \$			
9 Profit or (loss) realized in 2006 \$		10 Unreported profit or (loss) on open contracts—12/31/2006 \$			
11 Aggregate profit or (loss) \$		12 Check the box if recipient cannot take a loss on their tax return based on the amount in box 2 ☐		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2006 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
13 Unreported profit or (loss) on open contracts—12/31/2006 \$		14 Check the box if recipient cannot take a loss on their tax return based on the amount in box 2 ☐			
15 Account number (see instructions) 16 2nd TIN req. ☐		17 Description ABC STOCK			
18 Profit or (loss) realized in 2006 \$		19 Unreported profit or (loss) on open contracts—12/31/2006 \$			
20 Aggregate profit or (loss) \$		21 Check the box if recipient cannot take a loss on their tax return based on the amount in box 2 ☐			

Form 1099-B Cat. No. 144119 Department of the Treasury—Internal Revenue Service

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7979 ☐ VOID ☐ CORRECTED		OMB No. 1545-0046		2006 Form 1099-B	Proceeds From Broker and Barter Exchange Transactions
PAYER'S name, street address, city, state, ZIP code, and telephone no. LINCOLN INVESTMENTS 725 HOUSE RD OUR CITY, STATE ZIP		1a Date of sale or exchange 05/15/2006 1b CUSIP no.			
2 Stocks, bonds, etc. \$ 1820		3a ☐ Reported to IRS ☒ Not reported to IRS Enter proceeds less commissions and other charges		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2006 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
3b ☐ Reported to IRS ☒ Not reported to IRS Enter proceeds less commissions and other charges		4 Federal income tax withheld \$			
5 Recipient's name JENNA E DUBOISE		6 No. of shares exchanged 300			
7 Description ABC STOCK		8 Class or class of stock exchanged \$			
9 Profit or (loss) realized in 2006 \$		10 Unreported profit or (loss) on open contracts—12/31/2006 \$			
11 Aggregate profit or (loss) \$		12 Check the box if recipient cannot take a loss on their tax return based on the amount in box 2 ☐		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2006 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
13 Unreported profit or (loss) on open contracts—12/31/2006 \$		14 Check the box if recipient cannot take a loss on their tax return based on the amount in box 2 ☐			
15 Account number (see instructions) 16 2nd TIN req. ☐		17 Description ABC STOCK			
18 Profit or (loss) realized in 2006 \$		19 Unreported profit or (loss) on open contracts—12/31/2006 \$			
20 Aggregate profit or (loss) \$		21 Check the box if recipient cannot take a loss on their tax return based on the amount in box 2 ☐			

Form 1099-B Cat. No. 144119 Department of the Treasury—Internal Revenue Service

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Advanced Scenario 1 Test Questions

Directions

Use the information provided to answer the following questions. You are a volunteer at site S31053333.

Note: To complete social security numbers and employer identification numbers, replace Xs with 286560 or with the EFIN provided by your instructor.

- 8.1** What filing status will result in the best tax benefits for Jenna?
- a. Single
 - b. Married Filing Jointly
 - c. Married Filing Separately
 - d. Head of Household
 - e. Qualifying Widow(er) with dependent child
- 8.2** What is the short-term capital gain or loss from line 7 of Schedule D?
- a. \$280 loss
 - b. \$305 loss
 - c. \$0
 - d. \$6,195 gain
- 8.3** What is the long-term capital gain or loss from line 15 of Schedule D?
\$_____
- 8.4** Refer to the Simplified Method worksheet to determine the taxable amount of Jenna's survivor's annuity, reported on line 16b of Form 1040.
\$_____
- 8.5** Choose the date(s) of birth used to compute the taxable amount of the pension income.
- a. 03/17/1955
 - b. 12/11/1959
 - c. both 3/17/1955 and 12/11/1959
- 8.6** What are the total payments on line 72 of Jenna's Form 1040? \$_____

Advanced Scenario 2: Ralph Drake

Taxpayer Ralph Drake completed Form 13614, Intake and Interview Sheet.

- Taxpayer Documents**
- Social security card for Ralph E. Drake
 - Social security card for Sean K. Drake
 - Social security card for Jackson T. Drake
 - Form W-2 for Ralph Drake
 - Form 1098-T from State University
 - Form 1099-MISC from James Haskins, PA
 - Form 1099-INT from Professional Bank
-

- Interview Notes**
- Ralph Drake is 66 years old, divorced with two sons.
 - Ralph's two sons, Sean and Jackson, lived with him all year. Neither of the boys worked during the year. The boys did not receive any taxable income.
 - Sean, 20 years old, is a sophomore at State University. He did not receive any scholarships. He is an eligible student for the Hope Credit.
 - Ralph took out a \$6,000 education loan and paid \$578 interest on the student loan.
 - Jackson, 16 years old, is in high school. Ralph has sole custody of Jackson.
 - Ralph is supposed to pay his ex-wife, Alyson Drake (323-XX-XXXX), \$350 per month in court-ordered alimony. He only paid it from January through August 2006.
 - On 7/30/2006, Ralph sold an unimproved lot that he inherited from his father.
 - Sale price of lot: \$5,000.
 - Expense of sale: Realtor fee of \$300
 - His father purchased the lot for \$500 on July 1, 1995.
 - Fair market value (FMV) of the lot at date of his father's death on 03/29/2001 was \$1,000
 - Ralph has Form W-2 from Engineering Systems where he worked part of the year.

**Interview
Notes**

- In June 2006, after he quit his job, he started a small business in systems engineering.
 - His 2006 earnings from the new business were \$4,200, which includes the \$3,000 shown on Form 1099-MISC.
 - Expenses for the systems engineering business:
 - \$319 - office supplies and postage
 - \$480 - business phone charges
 - \$200 - printing expenses
 - \$1000 - legal fees
 - \$200 - professional fees
 - Car business expenses starting June 12, 2006:
Total miles on the car are 18,500, as this is his only car.
Business miles are 3,800. He has written documentation to support the business miles deduction.
- He decided to delay applying for social security and Medicare B benefits because he is working on a new career.
- Ralph has not itemized his deductions in previous years and does not have enough expenses to itemize deductions this year.



Intake and Interview Sheet

You (and Spouse) will need:

- Proof of identity
- Copies of ALL W-2 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name RALPH	M.I. E	Last Name DRAKE	2. SSN or ITIN 3 2 0 - X X - X X X X
3. Date of Birth (mm/dd/yyyy) 05 / 16 / 1940	4. Job Title SYSTEMS ENGINEER		
5. Spouse's First Name	M.I.	Last Name	6. SSN or ITIN - -
7. Date of Birth (mm/dd/yyyy) / /	8. Job Title		
9. Address 205 CANYON DRIVE	Apt #	City YOUR CITY	State YS Zip Code YOUR ZIP COI
10. Phone Numbers: Daytime YOUR PHONE NUMBER	Evening	Cell	
11. Are you a U.S. Citizen? ☒ Yes ☐ No		12. Is your Spouse a U.S. Citizen? ☐ Yes ☐ No	
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? ☐ Yes ☒ No			
14. Did you pay more than half the cost of keeping up the home? ☒ Yes ☐ No			
15. Check if Legally Blind: ☐ Taxpayer ☐ Spouse			
16. Check if Permanently and Totally Disabled: ☐ Taxpayer ☐ Spouse			
17. On December 31st 2006: Were you: ☐ Single ☐ Legally Married ☐ Separated ☒ Divorced a. If married, were you living with your spouse at anytime during the last 6 months of the year? ☐ Yes ☐ No			
18. Was your spouse deceased? If yes, provide the date of death. ____ / ____ / ____ (mm/dd/yyyy)			

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

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

Name (a)	Date of Birth mm/dd/yyyy (b)	Social Security Number or ITIN (c)	Relationship (son, daughter, etc.) (d)	Months person lived with you in 2006 (e)	Check if resident of Canada or Mexico (f)	Is the dependent a full time student? (yes or no) (g)
SEAN K. DRAKE	2/12/1988	321-XX-XXXX	SON	12		YES
JACKSON T. DRAKE	9/25/1990	322-XX-XXXX	SON	12		YES

Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is: ☐ Single ☐ MFJ ☐ MFS* ☐ HH ☐ Qualifying Widow(er)

*Spouse Name _____ Social Security Number _____

Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- ☐ Yes ☐ No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?
☐ Yes ☐ No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?
☐ Yes ☐ No 4. Is the dependent permanently and totally disabled?
5. Based on the interview, how many individuals qualify as dependents for this return? _____
-

COMMONLY USED INCOME AND EXPENSES

Volunteers: Please use Publication 17, *Your Federal Income Tax for Individuals* and Publication 4012, *Volunteer Resource Guide* while discussing the questions below with the taxpayer.

Part IV. Income – In 2006, did you receive:

- ☒ Yes ☐ No 1. Wages or Salary (Include W-2s for all jobs worked during the year)
☐ Yes ☒ No 2. Disability income
☒ Yes ☐ No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account
☐ Yes ☒ No 4. State tax refund (may be taxable if you itemized last year)
☐ Yes ☒ No 5. Alimony income
☐ Yes ☒ No 6. Tip income
☐ Yes ☒ No 7. Pension and/or IRA distribution
☐ Yes ☒ No 8. Unemployment
☐ Yes ☒ No 9. Social Security or Railroad Retirement
☒ Yes ☐ No 10. Self Employment
☐ Yes ☒ No 11. Other income such as gambling winnings, awards, prizes and Jury duty
-

Part V. Adjustment – Did you have 2006 expenses for:

- ☐ Yes ☐ No 1. IRA or other retirement account
☒ Yes ☐ No 2. Alimony payments paid (If yes, you must provide the name and SSN of the recipient)
☒ Yes ☐ No 3. Education related expenses
-

Part VI. Itemized Deductions – Did you have 2006 expenses for:

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

Part VII. Credits – In 2006, did you have:

- ☐ Yes ☐ No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
☒ Yes ☐ No 2. Educational expenses for you or your dependents
☐ Yes ☐ No 3. Retirement Savings Contribution
-

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

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

a. Control number		22222	VOID ☐	For Official Use Only OMB No. 1545-0046	
b. Employer identification number (EIN) 22-1XXXXXX			1. Wages, tips, other compensation 31900	3. Federal income tax withheld 4710	
c. Employer's name, address, and ZIP code ENGINEERING SYSTEMS 616 WALNUT YOUR CITY, STATE ZIP			2. Social security wages 31900	4. Social security tax withheld 1978	
			5. Medicare wages and tips 31900	6. Medicare tax withheld 453	
			7. Social security tips	8. Allocated tips	
d. Employee's social security number 320 XX XXXX			9. Advance EIC payment	10. Dependent care benefits	
e. Employee's first name and initial RALPH E		Last name DRAKE	11. Nonqualified plans	12a. See instructions for box 12	
205 CANYON YOUR CITY, STATE ZIP			10. Sick pay ☐	13a. ☐	13b. ☐
			11. Other ☐	13c. ☐	
			13d. ☐		
f. Employee's address and ZIP code			14. Union dues	15. Continuation of	
16. Yes ☐ No ☐	17. State ID number 22-1XXXXXX	18. State wages, tips, etc. 31900	19. State income tax 1300	20. Local wages, tips, etc.	21. Local income tax

W-2 Wage and Tax Statement 2006 Department of the Treasury—Internal Revenue Service
 Copy A For Social Security Administration — Send this entire page with Form W-2 to the Social Security Administration; photocopies are not acceptable.
 For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.
 Cat. No. 10194D

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8383		VOID ☐	CORRECTED ☐	OMB No. 1545-0173	
FLEET's name, street address, city, state, ZIP code, and telephone number STATE UNIVERSITY 616 WALNUT Portsmouth, NH 03801			1. Payments received for qualified tuition and related expenses \$ 3000	2006	
			2. Amounts billed for qualified tuition and related expenses \$ 4500	Form 1098-T	
FLEET's federal identification no. 22-4XXXXXX	STUDENT's social security number 321 XX XXXX	3. Check if you have changed your reporting method for 2006 ☐		Copy A For Internal Revenue Service Center File with Form 1098. For Privacy Act and Paperwork Reduction Act Notice, see the 2006 General Instructions for Forms 1098, 1099, 5408, and W-20.	
STUDENT's name SEAN K DRAKE		4. Adjustments made for a prior year \$	5. Scholarships or grants \$		
Street address (including apt. no.) 205 CANYON DRIVE		6. Adjustments to scholarships or grants for a prior year \$	7. Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January 1 through March 31, 2007 ☐		
City, state, and ZIP code YOUR CITY, STATE ZIP		8. Check if a graduate student ☐	9. See instructions for box 12 ☐		
Service Provider/Ref. No. (see instructions)	10. Check if a full-time student ☒	11. Check if a graduate student ☐	12. See instructions for box 12 ☐		

Form 1098-T Cat. No. 25061-1 Department of the Treasury—Internal Revenue Service
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☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. JAMES P HASKINS, PA 8817 KRISTEN YOUR CITY, STATE ZIP		1 Rents \$ 2 Royalties \$ 3 Other income \$	4 Federal income tax withheld \$	OMB No. 1545-0115 2006 Form 1099-MISC	Miscellaneous Income Copy B For Recipient
PAYER'S federal identification number 22-3XXXXXX	RECIPIENT'S identification number 320-XX-XXXX	5 Fishing boat proceeds \$	6 Medical and health care payments \$	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 RALPH E DRAKE Street address (including apt. no.) 205 CANYON DRIVE City, state, and ZIP code YOUR CITY, STATE ZIP		7 Nonemployee compensation \$3000.00	8 Schedule payments in lieu of dividends or interest \$		
Account number (see instructions)		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale ☐	10 Crop insurance proceeds \$		
11		12	13 Excess golden parachute payments \$		
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, ZIP code, and telephone no. PROFESSIONAL BANK 2220 ROBBINS BLVD YOUR CITY, STATE ZIP		Payer's EIN (optional) 2006 Form 1099-INT	OMB No. 1545-0112 2006 Form 1099-INT	Interest Income Copy B For Recipient
PAYER'S federal identification number 22-2XXXXXX	RECIPIENT'S identification number 320-XX-XXXX	1 Interest income not included in box 3 \$ 284		
RECIPIENT'S name RALPH E DRAKE Street address (including apt. no.) 205 CANYON DR. City, state, and ZIP code YOUR CITY, STATE ZIP		2 Early withdrawal penalty \$ 3 Federal income tax withheld \$ 4 Foreign tax paid \$		
Account number (see instructions)		5 Dividends on U.S. Savings Bonds and Treas. obligations \$ 6 Investment expenses \$ 7 Foreign country or U.S. possession \$		

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

Form 1040 Department of the Treasury—Internal Revenue Service U.S. Individual Income Tax Return 2006		OMB No. 1545-0047																											
For the year Jan. 1-Dec. 31, 2006, or other tax year beginning on 1/1/06, ending on 12/31/06																													
Label (See instructions on page 16.) Use the IRS label. Otherwise, please print or type. Presidential Election Campaign	Label Your first name and initial RALPH E If a joint return, spouse's first name and initial _____	Last name DRAKE If a joint return, spouse's last name _____	Your social security number 320 XX XXXX Spouse's social security number _____																										
	Home address (number and street). If you have a P.O. box, see page 16. 205 CANYON DRIVE City, town or post office, state and ZIP code. If you have a foreign address, see page 16. YOUR CITY, STATE ZIP		You must enter your SSN(s) above.																										
	Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16). ☒ You ☐ Spouse			Checking a box below will not change your tax or refund.																									
	Filing Status Check only one box. 1 ☐ Single 2 ☐ Married filing jointly (even if only one had income) 3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶ 4 ☒ Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter the child's name here. ▶ 5 ☐ Qualifying widow(er) with dependent child (see page 17).			Boxes checked on 5a and 5b No. of children on file with:																									
Exemptions If more than four dependents, see page 18.	6a ☒ Yourself. If someone can claim you as a dependent, do not check this box. b ☐ Spouse			1 2																									
	c Dependents: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>(1) First name</th> <th>Last name</th> <th>(2) Dependent's social security number</th> <th>(3) Dependent's relationship to you</th> <th>(4) If qualifying child for child tax credit (see page 16)</th> </tr> </thead> <tbody> <tr> <td>SEAN K</td> <td>DRAKE</td> <td>321 XX XXXX</td> <td>SON</td> <td>☐</td> </tr> <tr> <td>JACKSON T</td> <td>DRAKE</td> <td>322 XX XXXX</td> <td>SON</td> <td>☐</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td>☐</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td>☐</td> </tr> </tbody> </table>			(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) If qualifying child for child tax credit (see page 16)	SEAN K	DRAKE	321 XX XXXX	SON	☐	JACKSON T	DRAKE	322 XX XXXX	SON	☐					☐					☐	• lived with you • did not live with you due to divorce or separation (see page 20) Dependents on 6c not entered above
	(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) If qualifying child for child tax credit (see page 16)																								
	SEAN K	DRAKE	321 XX XXXX	SON	☐																								
JACKSON T	DRAKE	322 XX XXXX	SON	☐																									
				☐																									
				☐																									
d Total number of exemptions claimed			Add numbers on lines above ▶ 3																										
Income Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a W-2, see page 22. Enclose, but do not attach, any payment. Also, please use Form 1040-V.	7 Wages, salaries, tips, etc. Attach Form(s) W-2 8a Taxable interest. Attach Schedule B if required b Tax-exempt interest. Do not include on line 8a 9a Ordinary dividends. Attach Schedule B if required b Qualified dividends (see page 23) 10 Taxable refunds, credits, or offsets of state and local income taxes (see page 25) 11 Annuity received 12 Business income or (loss). Attach Schedule C or C-EZ 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐ 14 Other gains or (losses). Attach Form 4797 15a IRAs distributions 15b Taxable amount (see page 25) 16a Pensions and annuities 16b Taxable amount (see page 25) 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 18 Farm income or (loss). Attach Schedule F 19 Unemployment compensation 20a Social security benefits 20b Taxable amount (see page 27) 21 Other income. List type and amount (see page 29) 22 Add the amounts in the far right column for lines 7 through 21. This is your total income ▶			7 21900 8a 284 9a 10 11 12 310 13 4000 14 15b 16b 17 18 19 20b 21 22 36494																									
	Adjusted Gross Income 23 Another MSA deduction. Attach Form 8853 24 Certain business expenses of reservists, performing artists, and fee-based government officials. Attach Form 2106 or 2106-EZ 25 Health savings account deduction. Attach Form 8889 26 Moving expenses. Attach Form 5903 27 One-half of self-employment tax. Attach Schedule SE 28 Self-employed SEP, SIMPLE, and qualified plans 29 Self-employed health insurance deduction (see page 30) 30 Penalty on early withdrawal of savings 31a Annuity paid to Recipient's SSN ▶ 323 XX XXXX 31b Taxable amount (see page 27) 32 IRA deduction (see page 31) 33 Student loan interest deduction (see page 33) 34 Jury duty pay you gave to your employer 35 Domestic production activities deduction. Attach Form 8802 36 Add lines 23 through 31a and 32 through 35 37 Subtract line 36 from line 22. This is your adjusted gross income ▶			23 24 25 26 27 28 29 30 31b 2800 32 33 34 35 36 2800 37 33694																									

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 78.

Cat. No. 113206

Form 1040 (2006)

Tax and Credits**Standard Deduction for—**

• People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 36.

• All others:

Single or Married filing separately, \$5,100

Married filing jointly or Qualifying widow(er), \$10,200

Head of household, \$7,500

38	Amount from line 37 (adjusted gross income)	38	33694
39a	Check ☒ You were born before January 2, 1942, ☐ Married ☐ Total losses checked ☐ 39a 1		
b	If your spouse lived on a separate return or you were a dual-status spouse, see page 35 and check line 39b ☐		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	7550
41	Subtract line 40 from line 38	41	26144
42	If line 38 is more than \$12,670, or you provided housing to a person displaced by Hurricane Katrina, see page 37. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d	42	9900
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	16244
44	Tax (see page 37). Check if any tax is from: a ☐ Form 9814 b ☐ Form 4872	44	1496
45	Alternative minimum tax (see page 38). Attach Form 6251	45	
46	Add lines 44 and 45	46	
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule R	49	
50	Educator expenses. Attach Form 8833	50	1496
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Residential energy credits. Attach Form 5695	52	
53	Child tax credit (see page 30). Attach Form 8801 if required	53	
54	Credits from: a ☐ Form 8320 b ☐ Form 5520 c ☐ Form 8878	54	
55	Other credits: a ☐ Form 3800 b ☐ Form 8801 c ☐ Form	55	
56	Add lines 47 through 55. These are your total credits	56	1496
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	0

Other Taxes

58	Self-employment tax. Attach Schedule SE	58	
59	Social security and Medicare tax on income not reported to employer. Attach Form 4137	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 11	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57 through 62. This is your total tax	63	0

Payments

If you have a qualifying child, attach Schedule EIC

64	Federal income tax withheld from Forms W-2 and 1099	64	4710
65	2008 estimated tax payments and amount applied from 2005 return	65	
66a	Earned income credit (EIC)	66a	
b	Nonrefundable credit pay election ☐ 66b		
67	Excess social security and tier 1 RRTA tax withheld (see page 58)	67	
68	Additional child tax credit. Attach Form 8812	68	
69	Amount paid with request for extension to file (see page 59)	69	
70	Payments from: a ☐ Form 1403 b ☐ Form 4136 c ☐ Form 6895	70	
71	Credit for federal telephone excise tax paid. Attach Form 8813 if required	71	
72	Add lines 64, 65, 66a, and 67 through 71. These are your total payments	72	4710

Refund

Direct deposit? See page 68 and 69 in T4b, T4c, and T4d, or Form 8888

73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid	73	4710
74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here ☐	74a	4710
b	Routing number		
c	Type ☐ Checking ☐ Savings		
d	Account number		
75	Amount of line 73 you want applied to your 2007 estimated tax	75	

Amount You Owe

76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 60	76	
77	Estimated tax penalty (see page 60)	77	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 61)? ☐ Yes. Complete the following: ☐ No

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

Sign Here

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

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

Your signature Date Your occupation Daytime phone number

Spouse's signature. If a joint return, both must sign. Date Spouse's occupation

Paid Preparer's Use Only

Preparer's signature Date Check if self-employed ☐ Preparer's EIN or PTIN

Firm's name (for joint self-employed), address, and ZIP code Title Phone no.

SCHEDULE C-EZ
(Form 1040)

Department of the Treasury
Internal Revenue Service

Name of proprietor
RALPH E DRAKE

Net Profit From Business
(Sole Proprietorship)

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

OMB No. 1545-0047

2006

Attachment
Sequence No. **09A**

Social security number (SSN)
320 XX XXXX

Part I General Information

You May Use
Schedule C-EZ
Instead of
Schedule C
Only If You:

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

And You:

- Had no employees during the year.
- Are not required to file Form 4562, Depreciation and Amortization, for this business. See the instructions for Schedule C, line 13, on page C-4 to find out if you must file.
- Do not deduct expenses for business use of your home.
- Do not have prior year unallowed passive activity losses from this business.

A Principal business or profession, including product or service
Systems Engineering

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

E Business address (including suite or room no.). Address not required if same as on Form 1040, page 1.

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

B Enter code from pages C-8, 9, & 10
5 4 1 5 1 0

D Employer ID number (EIN), if any

Part II Figure Your Net Profit

1 Gross receipts. Caution. If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see Statutory Employees in the instructions for Schedule C, line 1, on page C-3 and check here	☐	1	4200
2 Total expenses (see instructions). If more than \$5,000, you must use Schedule C.		2	3890
3 Net profit. Subtract line 2 from line 1. If less than zero, you must use Schedule C. Enter on Form 1040, line 12, and also on Schedule SE, line 2. (Statutory employees do not report this amount on Schedule SE, line 2. Estates and trusts, enter on Form 1041, line 3.)		3	310

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

4 When did you place your vehicle in service for business purposes? (month, day, year) ► 06 / 12 / 2006

5 Of the total number of miles you drove your vehicle during 2006, enter the number of miles you used your vehicle for:

a Business 3800 b Commuting (see instructions) c Other 14,700

6 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☒ No

7 Was your vehicle available for personal use during off-duty hours? ☒ Yes ☐ No

8a Do you have evidence to support your deduction? ☒ Yes ☐ No

b If "Yes," is the evidence written? ☒ Yes ☐ No

For Paperwork Reduction Act Notice, see page 2.

Cat. No. 14374D

Schedule C-EZ (Form 1040) 2006

SCHEDULE D
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on Form 1040
RALPH E DRAKE

Capital Gains and Losses

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 1545-0074

2006

Attachment
Sequence No. **12**

Your social security number
320 XX XXXX

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

(a) Description of property (example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-6 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2					
3 Total short-term sales price amounts. Add lines 1 and 2 in column (d)					
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824					
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1					
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet on page D-6 of the instructions					()
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f)					

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

(a) Description of property (example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-6 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
8 Lot 27 Blk G Sec 11-b	INHERITED	07/30/2006	5000	1000	4000
9 Enter your long-term totals, if any, from Schedule D-1, line 9					
10 Total long-term sales price amounts. Add lines 8 and 9 in column (d)			5000		
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824					
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1					
13 Capital gain distributions. See page D-1 of the instructions					
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet on page D-6 of the instructions					()
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on the back					4000

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11338H

Schedule D (Form 1040) 2006

Part III Summary

- 16 Combine lines 7 and 15 and enter the result. If line 16 is a loss, skip lines 17 through 20, and go to line 21. If a gain, enter the gain on Form 1040, line 13, and then go to line 17 below.

16**4000**

- 17 Are lines 15 and 16 both gains?

☒ **Yes.** Go to line 18.

☐ **No.** Skip lines 18 through 21, and go to line 22.

- 18 Enter the amount, if any, from line 7 of the **28% Rate Gain Worksheet** on page D-7 of the instructions.

18**0**

- 19 Enter the amount, if any, from line 18 of the **Unrecaptured Section 1250 Gain Worksheet** on page D-8 of the instructions.

19**0**

- 20 Are lines 18 and 19 both zero or blank?

☒ **Yes.** Complete Form 1040 through line 43, and then complete the **Qualified Dividends and Capital Gain Tax Worksheet** on page 38 of the instructions for Form 1040. Do not complete lines 21 and 22 below.

☐ **No.** Complete Form 1040 through line 43, and then complete the **Schedule D Tax Worksheet** on page D-9 of the instructions. Do not complete lines 21 and 22 below.

- 21 If line 16 is a loss, enter here and on Form 1040, line 13, the **smaller** of:

- The loss on line 16 or
- (\$3,000), or if married filing separately, (\$1,500)

21

Note. When figuring which amount is smaller, treat both amounts as positive numbers.

- 22 Do you have qualified dividends on Form 1040, line 9b?

☐ **Yes.** Complete Form 1040 through line 43, and then complete the **Qualified Dividends and Capital Gain Tax Worksheet** on page 38 of the instructions for Form 1040.

☐ **No.** Complete the rest of Form 1040.

Schedule D (Form 1040) 2006

Qualified Dividends and Capital Gain Tax Worksheet—Line 44

Keep for Your Records

**Before you begin:**

- ✓ See the instructions for line 44 that begin on page 36 to see if you can use this worksheet to figure your tax.
- ✓ If you do not have to file Schedule D and you received capital gain distributions, be sure you checked the box on line 13 of Form 1040.

1. Enter the amount from Form 1040, line 43	1.	16244
2. Enter the amount from Form 1040, line 9b	2.	0
3. Are you filing Schedule D?		
☒ Yes. Enter the smaller of line 15 or 16 of Schedule D. If either line 15 or line 16 is a loss, enter -0-	3.	4000
☐ No. Enter the amount from Form 1040, line 13	4.	4000
4. Add lines 2 and 3	4.	4000
5. If you are claiming investment interest expense on Form 4952, enter the amount from line 4g of that form. Otherwise, enter -0-	5.	0
6. Subtract line 5 from line 4. If zero or less, enter -0-	6.	4000
7. Subtract line 6 from line 1. If zero or less, enter -0-	7.	12244
8. Enter the smaller of:		
• The amount on line 1, or		
• \$30,650 if single or married filing separately,		
\$61,300 if married filing jointly or qualifying widow(er),		
\$41,050 if head of household	8.	16244
9. Is the amount on line 7 equal to or more than the amount on line 8?		
☐ Yes. Skip lines 9 through 11; go to line 12 and check the "No" box.		
☒ No. Enter the amount from line 7	9.	12244
10. Subtract line 9 from line 8	10.	4000
11. Multiply line 10 by 5% (.05)	11.	200
12. Are the amounts on lines 6 and 10 the same?		
☒ Yes. Skip lines 12 through 15; go to line 16.		
☐ No. Enter the smaller of line 1 or line 6	12.	
13. Enter the amount from line 10 (if line 10 is blank, enter -0-)	13.	
14. Subtract line 13 from line 12	14.	
15. Multiply line 14 by 15% (.15)	15.	
16. Figure the tax on the amount on line 7. Use the Tax Table or Tax Computation Worksheet, whichever applies	16.	1296
17. Add lines 11, 15, and 16	17.	1496
18. Figure the tax on the amount on line 1. Use the Tax Table or Tax Computation Worksheet, whichever applies	18.	1896
19. Tax on all taxable income. Enter the smaller of line 17 or line 18. Also include this amount on Form 1040, line 44	19.	1496

Need more information or forms? See page 7.

Advanced Scenario 2 Test Questions

Directions

Using your resource materials and Ralph's completed tax return, verify the information and calculations on the return to answer the following questions. You are a volunteer at site S32053333.

Note: To complete social security numbers and employer identification numbers, replace Xs with 286560 or with the EFIN provided by your instructor.

- 9.1** Which of the following sections on Ralph's Form 1040, page 1, should be corrected?
- a. Taxpayer's name, address and SSN
 - b. Filing status
 - c. Personal exemptions
 - d. Information on dependents
- 9.2** Is the amount of net profit shown on line 3, Part II of Schedule C-EZ correct?
- a. Yes
 - b. No
- 9.3** Which of the following is an increase to basis when figuring the adjusted basis of property?
- a. Capital improvements
 - b. Insurance premiums
 - c. Utilities
 - d. All of the above
- 9.4** Which of these lines on Ralph's Schedule D has an error that needs to be corrected?
- a. Line 8b – Date acquired
 - b. Line 8d – Sales price
 - c. Line 8f – Long term gain or loss
 - d. All the above

- 9.5** What is the correct amount for adjustments to income on Line 36 of Form 1040?
- a. \$0
 - b. \$2,800
 - c. \$3,378
 - d. \$3,400
- 9.6** The correct deduction amount on line 40 of Form 1040 is \$_____.
- 9.7** What is the correct amount on line 1c of Form 8863?
- a. \$1,100
 - b. \$2,200
 - c. \$3,000
 - d. \$4,500
- 9.8** Does Ralph qualify for Earned Income Tax Credit?
- a. Yes
 - b. No
- 9.9** The correct Additional Child Tax Credit amount on line 68 of Form 1040 is \$_____.
- 9.10** Is Ralph qualified to make a deductible contribution to an IRA for 2006?
- a. Yes
 - b. No

2006 6744 Test – Military Course

Military Scenario 1: Diana Stewart

Taxpayer Diana Stewart completed Form 13614, Intake and Interview Sheet

-
- Taxpayer Documents**
- Form 13614
 - Social security cards for Diana and Lily and an ITIN card for Henri
 - 3 Forms W2 for Diana Stewart
 - Form 1099INT

-
- Interview Notes**
- Deployed: In Iraq from 7/12/06 through 2/26/07
 - Military training: Attended weekend-long military training sessions each month from 01/01/06 through 06/30/06 (the expenses were not reimbursed)
 - Mileage: 1,560 (based on Internet map data not written records)
 - Lodging: \$900 (within federal per diem rate for the area)
 - Meals: \$675 (within federal per diem rate for the area)
 - Married: Married Dr. Henri Dumont in 2006; Henri's tax information:
 - Income: no income in 2006
 - Citizenship: Swiss; has never been to the United States
 - Individual tax identification number: 940-XX-XXXX
 - Wants to file jointly; does not want to contribute to the Presidential Election Campaign Fund
 - One child: Has full custody of her daughter, Lily
 - Care: Diana's sister, Louise took care of Lily at no cost; Louise lived with Diana, but was not her dependent
 - Cost: Diana allotted some of her military pay to cover all household bills and anything Lily needed

Interview Notes
(continued)

- Properties:
 - Rental property:
 - Purchased property: 04/30/03
 - Rented: 01/01/06 – 09/30/06
 - Not offered for rent: 10/01/06-10/31/06
 - Rental property became taxpayer's primary residence: 11/01/06
 - Rental income: \$8,500
 - Annual real estate taxes: \$1,350
 - Management company fees for the time the property was rented: \$750
 - Furnace repair 02/15/06: \$290
 - Depreciation from 01/01/06 – 09/30/06 (based on a schedule provided by the taxpayer): \$2,325
 - Home sale:
 - Purchased property: 02/03/03 for \$79,800
 - Sold property (primary residence until it was sold): 10/31/06 for \$105,000
- Stock and shares:
 - A&B Stock
 - Inherited: 100 shares on 03/15/06
 - Fair market value on 3/15/06: \$3,500
 - Sold: all shares on 04/30/06
 - Selling price: \$3,700 (net of commissions)
 - Equity Index Mutual Fund
 - Bought: 06/01/05 through 04/15/06
 - Sold: 300 shares on 4/30/06
 - Share cost basis: \$1,500
 - Selling price: \$1,000 (net of commission)
- Additional information:
 - Not enough deductions to itemize
 - Diana wants to designate \$3 for the Presidential Election Campaign Fund



You (and Spouse) will need:

- Proof of identity
- Copies of ALL W-2 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name DIANA	M.I. P	Last Name STEWART	2. SSN or ITIN 4 1 0 - X X - X X X X
3. Date of Birth (mm/dd/yyyy) 10 / 02 / 1972	4. Job Title NURSE		
5. Spouse's First Name HENRI	M.I. C	Last Name DUMONT	6. SSN or ITIN 9 4 0 - X X - X X X X
7. Date of Birth (mm/dd/yyyy) 09 / 29 / 1974	8. Job Title PHYSICIAN		
9. Address 175 CHASE	Apt #	City YOUR CITY	State YS
10. Phone Numbers: Daytime YOUR PHONE NUMBER		Evening	Cell
11. Are you a U.S. Citizen? ☒ Yes ☐ No		12. Is your Spouse a U.S. Citizen? ☐ Yes ☒ No	
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? ☐ Yes ☒ No			
14. Did you pay more than half the cost of keeping up the home? ☒ Yes ☐ No			
15. Check if Legally Blind: ☐ Taxpayer ☐ Spouse			
16. Check if Permanently and Totally Disabled: ☐ Taxpayer ☐ Spouse			
17. On December 31st 2006: Were you: ☐ Single ☒ Legally Married ☐ Separated ☐ Divorced a. If married, were you living with your spouse at anytime during the last 6 months of the year? ☒ Yes ☐ No			
18. Was your spouse deceased? If yes, provide the date of death. ____ / ____ / ____ (mm/dd/yyyy)			

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

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

Name	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship (son, daughter, etc.)	Months person lived with you in 2006	Check if resident of Canada or Mexico	Is the dependent a full time student? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
LILY M STEWART	7/23/1998	411-XX-XXXX	DAUGHTER	12		YES

Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is: ☐ Single ☐ MFJ ☐ MFS* ☐ HH ☐ Qualifying Widow(er)

*Spouse Name _____ Social Security Number _____

Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- ☐ Yes ☐ No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?
☐ Yes ☐ No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?
☐ Yes ☐ No 4. Is the dependent permanently and totally disabled?
5. Based on the interview, how many individuals qualify as dependents for this return? _____

COMMONLY USED INCOME AND EXPENSES

Volunteers: Please use Publication 17, *Your Federal Income Tax for Individuals* and Publication 4012, *Volunteer Resource Guide* while discussing the questions below with the taxpayer.

Part IV. Income – In 2006, did you receive:

- ☒ Yes ☐ No 1. Wages or Salary (Include W-2s for all jobs worked during the year)
☐ Yes ☒ No 2. Disability income
☒ Yes ☐ No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account
☐ Yes ☒ No 4. State tax refund (may be taxable if you itemized last year)
☐ Yes ☒ No 5. Alimony income
☐ Yes ☒ No 6. Tip income
☐ Yes ☒ No 7. Pension and/or IRA distribution
☐ Yes ☒ No 8. Unemployment
☐ Yes ☒ No 9. Social Security or Railroad Retirement
☐ Yes ☒ No 10. Self Employment
☒ Yes ☐ No 11. Other income such as gambling winnings, awards, prizes and Jury duty

Part V. Adjustment – Did you have 2006 expenses for:

- ☐ Yes ☒ No 1. IRA or other retirement account
☐ Yes ☒ No 2. Alimony payments paid (If yes, you must provide the name and SSN of the recipient)
☐ Yes ☒ No 3. Education related expenses

Part VI. Itemized Deductions – Did you have 2006 expenses for:

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

Part VII. Credits – In 2006, did you have:

- ☐ Yes ☒ No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
☐ Yes ☒ No 2. Educational expenses for you or your dependents
☐ Yes ☒ No 3. Retirement Savings Contribution

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

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

a Control number		22222		void ☐	For Official Use Only OMB No. 1545-0046	
b Employer identification number (EIN) 30-1XXXXXX				1 Wages, tips, other compensation 23850		2 Federal income tax withheld 3750
c Employer's name, address, and ZIP code WOMEN'S MEDICAL CENTER 2220 ROBBINS, STE 17 YOUR CITY, STATE ZIP				3 Social security wages 23850		4 Social security tax withheld 1479
				5 Medicare wages and tips 23850		6 Medicare tax withheld 346
				7 Social security tips		8 Allocated tips
d Employee's social security number 410 XX XXXX				9 Advance EIC payment		10 Dependent care benefits
e Employee's first name and initial DIANA P		Last name STEWART		11 Nonqualified plans		12a See instructions for box 12
f Employee's address and ZIP code 176 CHASE YOUR CITY, STATE ZIP				13a Retired payee ☐		13b
				13b Retired payee ☐		13c
				13c Other ☐		13d
g Employee's address and ZIP code				14 State wages, tips, etc. 23850		15 State income tax 1250
16 State wages, tips, etc. YS 30-1XXXXXX				17 State income tax 1250		18 Local wages, tips, etc. 19 Local income tax 20 Locality name

Form W-2 Wage and Tax Statement 2006 Department of the Treasury—Internal Revenue Service
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a Control number		22222		void ☐	For Official Use Only OMB No. 1545-0046	
b Employer identification number (EIN) 30-2XXXXXX				1 Wages, tips, other compensation 3690		2 Federal income tax withheld 136
c Employer's name, address, and ZIP code DFAS PO BOX 8890 INDIANAPOLIS, IN 43249-2410				3 Social security wages 3690		4 Social security tax withheld 229
				5 Medicare wages and tips 3690		6 Medicare tax withheld 54
				7 Social security tips		8 Allocated tips
d Employee's social security number 410 XX XXXX				9 Advance EIC payment		10 Dependent care benefits
e Employee's first name and initial DIANA P		Last name STEWART		11 Nonqualified plans		12a See instructions for box 12
f Employee's address and ZIP code 176 CHASE YOUR CITY, STATE ZIP				13a Retired payee ☐		13b
				13b Retired payee ☒		13c
				13c Other ☐		13d
g Employee's address and ZIP code				14 State wages, tips, etc. 3690		15 State income tax 0
16 State wages, tips, etc. YS 30-2XXXXXX				17 State income tax 0		18 Local wages, tips, etc. 19 Local income tax 20 Locality name

Form W-2 Wage and Tax Statement 2006 Department of the Treasury—Internal Revenue Service
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a Control number		22222		For Official Use Only *	
b Employer identification number (EIN)		30-2XXXXXX		OMB No. 1545-0048	
c Employee's name, address, and ZIP code		DFAS PO BOX 8899 INDIANAPOLIS, IN 46240-2410		1 Medical, less other compensation	
				2 Federal income tax withheld	
				3 Social security wages	
				4 Social security tax withheld	
				5 Medicare wages and tax	
				6 Medicare tax withheld	
				7 Social security tips	
				8 Allocated tips	
d Employee's social security number		410 XX XXXX		9 Advance EIC payment	
				10 Dependent care benefits	
e Employee's first name and initial		Last name		11 Nonqualified plans	
DIANA P		STEWART		12a See instructions for box 12	
175 CHASE				12b	
YOUR CITY, STATE ZIP				12c	
				12d	
f Employee's address and ZIP code					
13a Yes		Employer's state ID number		14 State wages, tips, etc.	
30-2XXXXXX		36212		15 State income tax	
				16 Local wages, tips, etc.	
				17 Local income tax	
				18 Unemployment tax	

W-2 Wage and Tax Statement

2006

Department of the Treasury—Internal Revenue Service

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Gen. Reg. 1013407

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☐ CORRECTED (if checked)		PAYER'S name, street address, city, state, ZIP code, and telephone no. BASE FEDERAL CREDIT UNION 4141 WABASH YOUR CITY, STATE ZIP		Payer's RTN (optional) 2006 Interest Income Form 1099-INT	
PAYER'S Federal identification number 30-3XXXXXX		RECIPIENT'S identification number 410-XX-XXXX		1 Interest income not included in box 3 \$ 789	
RECIPIENT'S name DIANA P STEWART		2 Early withdrawal penalty \$		3 Interest on U.S. Savings bonds and Treas. obligations \$	
Street address (including apt. no.) 176 CHASE City, state, and ZIP code YOUR CITY, STATE ZIP		4 Federal income tax withheld \$		5 Investment expenses \$	
Account number (see instructions)		6 Foreign tax paid \$		7 Foreign country or U.S. possession	

Form 1099-INT

(keep for your records)

Department of the Treasury—Internal Revenue Service

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.

Military Scenario 1 Test Questions

Directions

Using your resource materials, answer the following questions. You are a volunteer at site S41024444.

Note: To complete social security numbers and employer identification numbers, replace Xs with 286560 or with the EFIN provided by your instructor.

- 10.1** If Henri did not have an individual tax identification number or did not elect to be treated as a resident alien, what filing status should Diana use to minimize her taxes? (For all other questions, Henri does have an individual tax identification number.)
- a. Single
 - b. Married Filing Jointly
 - c. Married Filing Separately
 - d. Head of Household
 - e. She could file jointly, but not claim Henri's exemption
- 10.2** What is their total rental real estate and royalty income or loss on line 26 of Schedule E?
- a. \$3,785
 - b. \$4,122
 - c. \$6,110
 - d. \$8,500
- 10.3** Should Diana's combat zone income exclusion from box 12a of Form W-2 be reported on line 7 of Form 1040?
- a. Yes
 - b. No
 - c. Not applicable to this return
- 10.4** In general, if taxpayers qualify for earned income tax credit, they may use excluded combat zone income to compute the credit.
- a. Yes
 - b. No
- 10.5** Their total adjustments to gross income on line 36 Form 1040 are:
- _____

- 10.6** What is their deduction on line 40 of Form 1040?
- a. \$0
 - b. \$5,150
 - c. \$7,550
 - d. \$10,300
- 10.7** Their total tax on line 63 of Form 1040 is: _____
- 10.8** What is the amount of short term gain or loss on Schedule D, line 7?
- a. \$0
 - b. \$300 loss
 - c. \$500 loss
- 10.9** Do they qualify for Earned Income Tax Credit?
- a. Yes
 - b. No

Military Scenario 2: Peter and Beth Anderson

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

Taxpayer Documents

- Form 13614
- Social security cards for Peter, Beth, and three children
- Form W2
- Form 1098
- Form 1098T
- Form 1099INT
- Voided check
- Form 1040
- Form 1040, Schedule E
- Form 8863

Interview Notes

- Stationed in Italy for all of tax year 2006
- Properties:
 - Sold home in US where they lived for 2½ years
 - Purchased: 10/31/97 for \$215,000
 - Sold: 11/30/06 for \$365,000
 - Improvements: \$5,600
 - Use: House had never been rented or used for business
 - Rental property: condominium
 - Rental income: \$9,000
 - Taxes: \$970
 - Maintenance fees: \$420
 - Interest: \$2,145
 - Management fees: \$720
 - Repairs: \$275
 - Depreciation: \$1,500 (taken from a worksheet Beth's accountant created)

Interview**Notes**

(continued)

- Three children:
 - Raymond:
 - Full time student: Sophomore at Texas State University
 - Lives in dormitory
 - Does not work
 - 2 other children:
 - Live at home
 - No income
- Beth Anderson's job (with an Italian firm):
 - Paid: \$5,500. Paid in Euros; has appropriate exchange rate record
 - Italian income tax paid: \$500
 - The income and tax are in U.S. dollars and she has already applied the appropriate exchange rate.
- Other:
 - Contributions to church \$1,300 (money put in collections weekly)
 - Presidential Election Campaign Fund: Both Peter and Beth want to designate \$3
 - Refund: If they get a refund, they want to have it deposited to their checking account



You (and Spouse) will need:

- Proof of Identity
- Copies of ALL W-2 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name PETER	M.I. D	Last Name ANDERSON	2. SSN or ITIN 4 2 0 - X X - X X X X
3. Date of Birth (mm/dd/yyyy) 07 / 27 / 1959	4. Job Title AIR FORCE OFFICER		
5. Spouse's First Name BETH	M.I. A	Last Name ANDERSON	6. SSN or ITIN 4 2 1 - X X - X X X X
7. Date of Birth (mm/dd/yyyy) 06 / 06 / 1961	8. Job Title HOME MAKER		
9. Address 10050 SHADOW MOUNTAIN	Apt #	City YOUR CITY	State YS
10. Phone Numbers: Daytime YOUR PHONE NUMBER	Evening	Cell	Zip Code YOUR ZIP
11. Are you a U.S. Citizen? ☒ Yes ☐ No		12. Is your Spouse a U.S. Citizen? ☒ Yes ☐ No	
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? ☐ Yes ☒ No			
14. Did you pay more than half the cost of keeping up the home? ☒ Yes ☐ No			
15. Check if Legally Blind: ☐ Taxpayer ☐ Spouse			
16. Check if Permanently and Totally Disabled: ☐ Taxpayer ☐ Spouse			
17. On December 31st 2006: Were you: ☐ Single ☒ Legally Married ☐ Separated ☐ Divorced a. If married, were you living with your spouse at anytime during the last 6 months of the year? ☐ Yes ☐ No			
18. Was your spouse deceased? If yes, provide the date of death. ____ / ____ / ____ (mm/dd/yyyy)			

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

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

Name	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship (son, daughter, etc.)	Months person lived with you in 2006	Check if resident of Canada or Mexico	Is the dependent a full time student? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
RAYMOND C ANDERSON	3/17/1988	423-XX-XXXX	SON	12		YES
JOSHUA R ANDERSON	5/25/1989	424-XX-XXXX	SON	12		YES
KENNETH E ANDERSON	1/16/1992	425-XX-XXXX	SON	12		YES

Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is: ☐ Single ☐ MFJ ☐ MFS* ☐ HH ☐ Qualifying Widow(er)

*Spouse Name _____ Social Security Number _____

Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- ☐ Yes ☐ No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?
☐ Yes ☐ No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?
☐ Yes ☐ No 4. Is the dependent permanently and totally disabled?
5. Based on the interview, how many individuals qualify as dependents for this return? _____
-

COMMONLY USED INCOME AND EXPENSES

Volunteers: Please use Publication 17, *Your Federal Income Tax for Individuals* and Publication 4012, *Volunteer Resource Guide* while discussing the questions below with the taxpayer.

Part IV. Income – In 2006, did you receive:

- ☒ Yes ☐ No 1. Wages or Salary (Include W-2s for all jobs worked during the year)
☐ Yes ☒ No 2. Disability income
☒ Yes ☐ No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account
☐ Yes ☒ No 4. State tax refund (may be taxable if you itemized last year)
☐ Yes ☒ No 5. Alimony income
☐ Yes ☒ No 6. Tip income
☐ Yes ☒ No 7. Pension and/or IRA distribution
☐ Yes ☒ No 8. Unemployment
☐ Yes ☒ No 9. Social Security or Railroad Retirement
☐ Yes ☒ No 10. Self Employment
☐ Yes ☒ No 11. Other income such as gambling winnings, awards, prizes and Jury duty
-

Part V. Adjustment – Did you have 2006 expenses for:

- ☐ Yes ☒ No 1. IRA or other retirement account
☐ Yes ☒ No 2. Alimony payments paid (If yes, you must provide the name and SSN of the recipient)
☐ Yes ☒ No 3. Education related expenses
-

Part VI. Itemized Deductions – Did you have 2006 expenses for:

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

Part VII. Credits – In 2006, did you have:

- ☐ Yes ☒ No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
☒ Yes ☐ No 2. Educational expenses for you or your dependents
☐ Yes ☒ No 3. Retirement Savings Contribution
-

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

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

a Control number		22222		Void ☐		For Official Use Only OMB No. 1545-0046	
b Employee identification number (EIN) 30-2XXXXXX				1 Wages, tips, other compensation 83500		2 Federal income tax withheld 4620	
c Employer's name, address, and ZIP code CFA5 PO BOX 0000 INDIANAPOLIS, IN 43240-2410				3 Social security wages 83500		4 Social security tax withheld 3943	
				5 Medicare wages and tips 83500		6 Medicare tax withheld 922	
				7 Social security tips		8 Alternative tax	
d Employee's social security number 420 XX XXXX				9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial PETER D		Last name ANDERSON		11 Nonqualified plan		12a See instructions for box 12	
10050 SHADOW MOUNTAIN YOUR CITY, STATE ZIP				12b Substantiated ☐		12c	
				12c Substantiated ☐		12d	
				12d Other ☐		12e	
f Employee's address and ZIP code				13a See instructions for box 13		13b	
15 State YS		Employer's state ID number 30-2XXXXXX		16 State wages, tips, etc. 83500		17 State income tax	
18 Local wages, tips, etc.		19 Local income tax		20 Local taxes			

W-2 Wage and Tax Statement

2006

Department of the Treasury—Internal Revenue Service
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☐ CORRECTED (if checked)		OMB No. 1545-0041 2006 Form 1098		Mortgage Interest Statement	
RECIPIENT'S/LENDER'S name, address, and telephone number NATIONAL BANK AND TRUST 2710 W 15TH YOUR CITY, STATE ZIP		* Caution: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.		Copy B For Payer The information in boxes 1, 2, and 3 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 the refund of interest on your return.	
RECIPIENT'S federal identification no. 31-3XXXXXX	PAYER'S social security number 420-XX-XXXX	1 Mortgage interest received from payer(s)/borrower(s) \$ 5800		4 REAL ESTATE TAXES \$3580	
PAYER'S/BORROWER'S name PETER D ANDERSON		2 Points paid on purchase of principal residence \$			
Street address (including apt. no.) 10050 SHADOW MOUNTAIN		3 Refund of overpaid interest \$			
City, state, and ZIP code YOUR CITY, STATE ZIP					
Account number (see instructions)					

Form 1098

(keep for your records)

Department of the Treasury - Internal Revenue Service

8383 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone number TEXAS STATE UNIVERSITY ACCOUNTING OFFICE 601 UNIVERSITY DRIVE SAN MARCOS, TX 78666		1 Payments received for qualified tuition and related expenses \$ 2750	GMSL No. 1049-1076 2006	Tuition Statement
2 Amounts listed for qualified tuition and related expenses \$		Form 1099-T		
FILER'S federal identification no. 31-2XXXXXX	STUDENT'S social security number 423 XX XXXX	3 Check if you have changed your reporting method for 2006 ☐		
STUDENT'S name RAYMOND C ANDERSON		4 Adjustments made for a prior year \$	5 Scholarships or grants \$	Copy A For Internal Revenue Service Center file with Form 1098. For Privacy Act and Paperwork Reduction Act Notice, see the 2006 General Instructions for Forms 1099, 1098, 5498, and W-2G.
Street address (including apt. no.) 801 MOORE RM 215		6 Adjustments for scholarships or grants for a prior year \$	7 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January–March 2007 ☐	
City, state, and ZIP code SAN MARCOS, TX 78666				
Service Provider/Act. No. (see instructions)	8 Check if at least full-time student ☒	9 Check if a graduate student ☐	10 See correct name/value \$	

Form 1099-T Call No. 205572 Department of the Treasury - Internal Revenue Service

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☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. HOMELAND FEDERAL CREDIT UNION 2100 PATTON BLVD YOUR CITY, STATE ZIP		Payer's RFE number	GMSL No. 1045-0112 2006	Interest Income
1 Interest income not included in box 3 \$ 1339		Form 1099-INT		
PAYER'S federal identification number 31-1XXXXXX	RECIPIENT'S identification number 420-XX-XXXX	2 Early withdrawal penalty \$		
RECIPIENT'S name PETER D ANDERSON		3 Interest on U.S. Savings Bonds and Treas. obligations \$		
Street address (including apt. no.) 10050 SHADOW MOUNTAIN		4 Federal income tax withheld \$		
City, state, and ZIP code YOUR CITY, STATE ZIP		5 Investment expenses \$		
Account number (see instructions)		6 Foreign tax paid \$		
		7 Foreign country or U.S. possession		

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

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

Form **1040**

Department of the Treasury—Internal Revenue Service

U.S. Individual Income Tax Return **2006**

OMB No. 1545-0047

Label

(See instructions on page 16.)

Use the IRS label. Otherwise, please print or type.

Presidential Election Campaign**Filing Status**

Check only one box.

Exemptions

If more than four dependents, see page 18.

Income

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

If you did not get a W-2, see page 22.

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

Adjusted Gross Income

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 78.

Cat. No. 113206

Form **1040** (2006)

Your first name and initial PETER D		Last name ANDERSON		Your social security number 420 XX XXXX																																																																			
If a joint return, spouse's first name and initial BETH A		Last name ANDERSON		Spouse's social security number 421 XX XXXX																																																																			
Home address (number and street). If you have a P.O. box, see page 18.				City, town or post office, state and ZIP code. If you have a foreign address, see page 18.																																																																			
☐ You must enter your SSN(s) above.																																																																							
Checking a box below will not change your tax or refund.																																																																							
☐ Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16).																																																																							
☒ 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 page 17.) If the qualifying person is a child but not your dependent, enter the child's name here. ☐ 5 Qualifying widow(er) with dependent child (see page 17).																																																																							
Exemptions ☒ a Yourself. If someone can claim you as a dependent, do not check this box. ☒ b Spouse <table border="1"> <thead> <tr> <th>(1) First name</th> <th>Last name</th> <th>(2) Dependent's social security number</th> <th>(3) Dependent's relationship to you</th> <th>(4) If qualifying child for child tax credit (see page 18)</th> </tr> </thead> <tbody> <tr> <td>RAYMOND C</td> <td>ANDERSON</td> <td>423 XX XXXX</td> <td>SON</td> <td>☐</td> </tr> <tr> <td>JOSHUA R</td> <td>ANDERSON</td> <td>424 XX XXXX</td> <td>SON</td> <td>☐</td> </tr> <tr> <td>KENNETH E</td> <td>ANDERSON</td> <td>425 XX XXXX</td> <td>SON</td> <td>☒</td> </tr> </tbody> </table>						(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) If qualifying child for child tax credit (see page 18)	RAYMOND C	ANDERSON	423 XX XXXX	SON	☐	JOSHUA R	ANDERSON	424 XX XXXX	SON	☐	KENNETH E	ANDERSON	425 XX XXXX	SON	☒																																														
(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) If qualifying child for child tax credit (see page 18)																																																																			
RAYMOND C	ANDERSON	423 XX XXXX	SON	☐																																																																			
JOSHUA R	ANDERSON	424 XX XXXX	SON	☐																																																																			
KENNETH E	ANDERSON	425 XX XXXX	SON	☒																																																																			
d Total number of exemptions claimed 5																																																																							
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Tax and Credits**Standard Deduction for—**

• People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 36.

• All others:
Single or Married filing separately, \$5,100
Married filing jointly or Qualifying widow(er), \$10,200
Head of household, \$7,500

38	Amount from line 37 (adjusted gross income)	38	74890
39a	Check ☐ You were born before January 2, 1942, ☐ Blind, ☐ Total losses ☐ ☐ Spouse was born before January 2, 1942, ☐ Blind, checked ☒ 39a		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	10300
41	Subtract line 40 from line 38	41	64590
42	If line 38 is over \$112,675, or you provided housing to a person displaced by Hurricane Katrina, see page 37. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d	42	13200
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	51390
44	Tax (see page 37). Check if any tax is from: a ☐ Form 9814 b ☐ Form 4872	44	6951
45	Alternative minimum tax (see page 38). Attach Form 6251	45	
46	Add lines 44 and 45	46	6951
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule R	49	
50	Educator expenses. Attach Form 8833	50	1650
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Residential energy credits. Attach Form 5695	52	
53	Child tax credit (see page 30). Attach Form 8801 if required	53	1000
54	Credits from: a ☐ Form 8320 b ☐ Form 5520 c ☐ Form 8858	54	
55	Other credits: a ☐ Form 3800 b ☐ Form 8801 c ☐ Form	55	
56	Add lines 47 through 55. These are your total credits	56	2650
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	4301
58	Self-employment tax. Attach Schedule SE	58	
59	Social security and Medicare tax set-aside income not reported to employer. Attach Form 4137	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 11	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57 through 62. This is your total tax	63	4301
64	Federal income tax withheld from Forms W-2 and 1099	64	5120
65	2006 estimated tax payments and amount applied from 2005 return	65	
66a	Earned income credit (EIC)	66a	
66b	Nonrefundable combat pay election ☐ 66b	66b	
67	Excess social security and tier 1 RRTA tax withheld (see page 58)	67	
68	Additional child tax credit. Attach Form 8812	68	
69	Amount paid with request for extension to file (see page 59)	69	
70	Payments from: a ☐ Form 3409 b ☐ Form 4136 c ☐ Form 6895	70	
71	Credit for federal telephone excise tax paid. Attach Form 8813 if required	71	
72	Add lines 64, 65, 66a, and 67 through 71. These are your total payments	72	5120
73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid	73	819
74a	Amount of line 73 you want refunded to you. If Form 8878 is attached, check here ☐	74a	819
74b	Routing number: 1 1 1 8 0 3 7 7 6	74b	
74c	Type: ☒ Checking ☐ Savings	74c	
74d	Account number: 5 1 2 4 0 9	74d	
75	Amount of line 73 you want applied to your 2007 estimated tax	75	
76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 60	76	
77	Estimated tax penalty (see page 60)	77	

Third Party Designee**Sign Here**

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

Paid Preparer's Use Only

Do you want to allow another person to discuss this return with the IRS (see page 61)? ☐ Yes. Complete the following: ☐ No

Designee's name	Phone no.	Designee's identification number (PIN)
Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Your signature	Date	Your occupation AIR FORCE OFFICER
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation WRITER
Preparer's signature	Date	Check if self-employed ☐ Preparer's EIN or PTIN S41024444
Firm's name (for persons if self-employed, address, and ZIP code)	Title	Phone no.

SCHEDULE E
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

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

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

OMB No. 1545-0074

2006

Attachment
Sequence No. 13

Name(s) shown on return

PETER D & BETH A ANDERSON

Your social security number

420 XX XXXX

Part I

Income or Loss From Rental Real Estate and Royalties Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). Report farm rental income or loss from Form 4035 on page 2, line 40.

1	List the type and location of each rental real estate property:	2	For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:	Yes	No
A	WURU SACRAMENTO CA		• 14 days or • 10% of the total days rented at fair rental value? (See page E-3.)		☒
B					
C					

Income:	Properties			Totals (Add columns A, B, and C.)	
	A	B	C		
3 Rents received	3	9000		3	9000
4 Royalties received	4			4	
Expenses:					
5 Advertising	5				
6 Auto and travel (see page E-4)	6				
7 Cleaning and maintenance	7				
8 Commissions	8				
9 Insurance	9				
10 Legal and other professional fees	10				
11 Management fees	11	720			
12 Mortgage interest paid to banks, etc. (see page E-4)	12	2145		12	2145
13 Other interest	13				
14 Repairs	14	275			
15 Supplies	15				
16 Taxes	16	970			
17 Utilities	17				
18 Other (list) ▶ MAINTENANCE FEE	18	420			
19 Add lines 5 through 18	19	4530		19	4530
20 Depreciation expense or depletion (see page E-4)	20			20	
21 Total expenses. Add lines 19 and 20	21	4503			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-5 to find out if you must file Form 6198	22	4470			
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-5 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2	23				
24 Income. Add positive amounts shown on line 22. Do not include any losses	24			24	4470
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here	25			25	
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 41 on page 2	26			26	4470

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

Cat. No. 1134-L

Schedule E (Form 1040) 2006

Military Scenario 2 Test Questions

Directions

Using your resource materials, answer the following questions about the tax return prepared for the Andersons. You are at site S41024444.

Note: To complete social security numbers and employer identification numbers, replace Xs with 286560 or with the EFIN provided by your instructor.

- 11.1** The correct wages, salaries, tips, etc. listed on line 7 of Form 1040 is: _____
- 11.2** Are all the social security numbers listed correctly?
- a. Yes
 - b. No
- 11.3** The correct deduction for line 40 of Form 1040 is: _____
- 11.4** The correct sum of expenses on line 19 of Schedule E is: _____
- 11.5** Is the total rental real estate and royalty income or loss on line 26 Schedule E correct?
- a. Yes
 - b. No
 - c. Not applicable for this return
- 11.6** To maximize their tax refund, or minimize their tax liability, the Andersons should take the Foreign Tax Credit instead of the Foreign Earned Income Exclusion.
- a. Yes
 - b. No
- 11.7** Is the education credit amount on line 17 of Form 8863, Education Credits, correct?
- a. Yes
 - b. No
 - c. Not applicable for this return
- 11.8** Is the direct deposit information on lines 74b, 74c, and 74d on Form 1040 correct?
- a. Yes
 - b. No
 - c. Not applicable for this return

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2006 6744 Test – International Course

International Scenario 1: Jason and Ella Barnes

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

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

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

Interview**Notes**

(continued)

- Sale of stock
 - Ella inherited 550 shares of J & J Imports stock on January 19, 2006
 - Fair market value at the time they were inherited was \$16,500
 - Sold 250 shares on May 1, 2006, for \$9,250 (net of commissions)
- Additional Information
 - Neither of them wants to designate \$3 to the Presidential Campaign Election Fund



Intake and Interview Sheet**You (and Spouse) will need:**

- Proof of identity
- Copies of ALL W-2 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name JASON	M.I. P	Last Name BARNES	2. SSN or ITIN 5 1 0 - X X - X X X X
3. Date of Birth (mm/dd/yyyy) 10 / 3 / 1981	4. Job Title TEACHER		
5. Spouse's First Name ELLA	M.I. M	Last Name BARNES	6. SSN or ITIN 5 1 1 - X X - X X X X
7. Date of Birth (mm/dd/yyyy) 12 / 21 / 1983	8. Job Title SECRETARY		
9. Address 720 RUE DE LA MAIN	Apt # 5	City LYON, FRANCE	State Zip Code
10. Phone Numbers: Daytime YOUR PHONE NUMBER	Evening	Cell	
11. Are you a U.S. Citizen? ☒ Yes ☐ No		12. Is your Spouse a U.S. Citizen? ☒ Yes ☐ No	
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? ☐ Yes ☒ No			
14. Did you pay more than half the cost of keeping up the home? ☒ Yes ☐ No			
15. Check if Legally Blind: ☐ Taxpayer ☐ Spouse			
16. Check if Permanently and Totally Disabled: ☐ Taxpayer ☐ Spouse			
17. On December 31st 2006: Were you: ☐ Single ☒ Legally Married ☐ Separated ☐ Divorced a. If married, were you living with your spouse at anytime during the last 6 months of the year? ☐ Yes ☐ No			
18. Was your spouse deceased? If yes, provide the date of death. ____ / ____ / ____ (mm/dd/yyyy)			

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

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

Name	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship (son, daughter, etc.)	Months person lived with you in 2006	Check if resident of Canada or Mexico	Is the dependent a full time student? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)

STOP**Page 2 TO BE COMPLETED BY CERTIFIED VOLUNTEER**

Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is: ☐ Single ☒ MFJ ☐ MFS* ☐ HH ☐ Qualifying Widow(er)

*Spouse Name _____ Social Security Number _____

Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- ☐ Yes ☐ No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?
☐ Yes ☐ No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?
☐ Yes ☐ No 4. Is the dependent permanently and totally disabled?
5. Based on the interview, how many individuals qualify as dependents for this return? 0
-

COMMONLY USED INCOME AND EXPENSES

Volunteers: Please use Publication 17, *Your Federal Income Tax for Individuals* and Publication 4012, *Volunteer Resource Guide* while discussing the questions below with the taxpayer.

Part IV. Income – In 2006, did you receive:

- ☒ Yes ☐ No 1. Wages or Salary (Include W-2s for all jobs worked during the year)
☐ Yes ☒ No 2. Disability income
☒ Yes ☐ No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account
☐ Yes ☒ No 4. State tax refund (may be taxable if you itemized last year)
☐ Yes ☒ No 5. Alimony income
☐ Yes ☒ No 6. Tip income
☐ Yes ☒ No 7. Pension and/or IRA distribution
☐ Yes ☒ No 8. Unemployment
☐ Yes ☒ No 9. Social Security or Railroad Retirement
☐ Yes ☒ No 10. Self Employment
☒ Yes ☐ No 11. Other income such as gambling winnings, awards, prizes and Jury duty
-

Part V. Adjustment – Did you have 2006 expenses for:

- ☐ Yes ☒ No 1. IRA or other retirement account
☐ Yes ☒ No 2. Alimony payments paid (If yes, you must provide the name and SSN of the recipient)
☐ Yes ☒ No 3. Education related expenses
-

Part VI. Itemized Deductions – Did you have 2006 expenses for:

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

Part VII. Credits – In 2006, did you have:

- ☐ Yes ☒ No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
☐ Yes ☒ No 2. Educational expenses for you or your dependents
☐ Yes ☒ No 3. Retirement Savings Contribution
-

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

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

a. Control number 22222		Valid ☐	For Official Use Only OMB No. 1545-0046	
b. Employer identification number (EIN) 40-1XXXXXX			1. Single tax, other compensation 26600	2. Federal income tax withheld 2124
c. Employer's name, address, and ZIP code US CONSULATE 97 RUE ST JACQUES LYON, FRANCE			3. Social security wages 27500	4. Social security tax withheld 1705
			5. Medicare wages and tips 27500	6. Medicare tax withheld 399
			7. Social security tips	8. Allocated tips
d. Employer's social security number 511 XX XXXX			9. Advance-ERC payment	10. Dependent care benefits
e. Employee's first name and initial ELLA M		Last name BARNES	11. Nonqualified plans	12a. See instructions for box 12 0 900
f. Employee's address and ZIP code 720 RUE DE LA MAIN LYON, FRANCE			13. Health insurance ☐ 14. Other ☒ 15. Voluntary ☐ 16. Other ☐	17a. 17b. 17c.
18. State Employer's state ID number	19. State wages, tips, etc.	20. State income tax	21. Local wages, tips, etc.	22. Local income tax

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

2006

Department of the Treasury—Internal Revenue Service

For Privacy Act and Paperwork Reduction Act Notice, see back of Copy B.

Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.

Cat. No. 10734D

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☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. TEACHERS FEDERAL CREDIT UNION 7200 APPLE TREE YOUR CITY, STATE ZIP		Payer's RTN (optional)	OMB No. 1545-0112
PAYER'S Federal identification number 40-2XXXXXX		RECIPIENT'S identification number 511-XX-XXXX	2006 Interest Income
RECIPIENT'S name ELLA BARNES		Form 1099-INT	
Street address (including apt. no.) 720 RUE DE LA MAIN		1. Interest income not included in box 1 \$ 3360	
City, state, and ZIP code LYON, FRANCE		2. Early withdrawal penalty \$	
Account number (see instructions)		3. Interest on U.S. Savings Bonds and Treas. obligations \$	
		4. Federal income tax withheld \$	
		5. Investment expenses \$	
		6. Foreign tax paid \$	
		7. Foreign country or U.S. possession	

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

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.

International Scenario 1 Test Questions

Directions

Using your resource materials, answer the following questions. You are a volunteer at site number S5101555.

Note: To complete social security numbers and employer identification numbers, replace Xs with 286560 or with the EFIN provided by your instructor.

- 12.1** What are the Barnes' wages, salaries, tips, etc. reported on line 7 of Form 1040?
- a. 26,600
 - b. 37,500
 - c. 64,100
 - d. 65,000
- 12.2** The Barnes' net short-term capital gain or loss on line 7 of Schedule D is: \$_____
- 12.3** What is the Barnes' net long-term capital gain or loss on line 15 of Schedule D?
- a. 0
 - b. 1,750
 - c. 5,380
 - d. 7,130
- 12.4** The Barnes' total income on line 22 of Form 1040 is: \$_____
- 12.5** What, if anything, should be entered as the start and end dates for the Barnes' bona fide residence as recorded on line 1b of Form 2555EZ?
- a. 01/01/2006, 12/31/2006
 - b. 06/23/2003, 12/31/2006
 - c. 06/23/2003, Continues
 - d. Nothing

- 12.6** What is the sum of the Barnes' Tax and Alternative minimum tax on line 46 of Form 1040?
- a. 1,535
 - b. 2,084
 - c. 1,178
 - d. 2,119
- 12.7** The Barnes' foreign tax credit on line 47 of Form 1040 is: \$_____

International Scenario 2: Douglas and Claire Richards

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

Taxpayer Documents

- Form 13614
- Social security cards for Douglas, Claire and Patrick
- Form W-2
- Form 1099-R
- Form 1098-T
- Forms 1099-INT
- Voided check

Interview Notes

- Citizenship: Douglas Richards is a U.S. citizen who is married to Claire, a citizen of Singapore. Both have social security numbers.
- Residence:
 - Moved to Singapore 01/23/06
 - Visited U.S. 12/22/06 through 01/04/07
 - Currently renting home in Singapore
- Children: They have one child who is a junior in college. Douglas and Claire pay all of his expenses and he does not work.
- Employment:
 - Douglas:
 - Retired as a professor of architecture on 01/03/06
 - Receives monthly pension payments starting 02/01/06; Claire will receive beneficiary payments after his death
 - Employed part-time in Singapore for Liam and Sons Architectural Design, 52 Poet's Lane, Singapore
 - Income: \$7,200 Singapore Dollars (SGD); withholding: \$1,800 SGD for income tax; average exchange rate for the period he received the payments: 1.4549

**Interview
Notes**
(continued)

- Claire:
 - Self-employed physical therapist
 - Did not work in the U.S. in 2006
 - Income: \$5,400 United States Dollars (USD)
 - Income tax: \$500 SGD (exchange rate on the day she made the payment was 1.2661)
 - Business code: 621340
 - Supplies and equipment: \$540 USD
 - Licenses: \$250 USD
 - Professional dues: \$300 USD
 - Advertising: \$475 USD
 - Automobile use:
purchased car 02/18/06;
started using it for work 04/03/06;
total mileage 12,100;
mileage for business 1,550 (kept diary of mileage)
- Property:
 - Primary home:
 - Bought U.S. home 04/22/85 for \$125,000
 - Sold home on 01/18/06 for \$435,000 (net after commissions and closing costs)
 - Made capital improvements of \$35,000 between 1985 and date of sale
 - Lived in house until sale
 - Rental duplex:
 - Rented one side all year; used other side for storage
 - Income: \$7,200
 - Interest on entire duplex: \$3,200
 - Real estate taxes on the entire duplex: \$1,500
 - Painting inside the entire duplex: \$760
 - Insurance on entire duplex: \$900
 - Depreciation for just the rental side: \$2,200 (schedule provided by taxpayer)

Interview**Notes**

(continued)

- Other:
 - Foreign Earned Income Exclusion:
 - Have never claimed it; want to know if it is appropriate for them
 - Potential qualifying period identified by taxpayers: 02/01/2006 through 01/31/2007
 - Interest income:
 - \$3,275 (bank provided conversion to U.S. dollars) from accounts at Kerry Home Bank; \$819 U.S. dollars withheld for income tax
 - Several open U.S. accounts shown on Forms 1099-INT
 - Itemizing: They do not think they have enough qualified expenses
 - Presidential Election Campaign Fund: Neither wants to designate \$3
 - Refund or payment: Douglas wants to have a direct deposit or direct debit using their savings account #062332 at University Bank, RTN 111900659



Intake and Interview Sheet**You (and Spouse) will need:**

- Proof of identity
- Copies of ALL W-2 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

Part I: Taxpayer Information

1. Your First Name DOUGLAS	M.I. A	Last Name RICHARDS	2. SSN or ITIN 5 2 0 - X X - X X X X
3. Date of Birth (mm/dd/yyyy) 05 / 11 / 1945	4. Job Title RETIRED ARCHITECT		
5. Spouse's First Name CLAIRE	M.I. S	Last Name RICHARDS	6. SSN or ITIN 5 2 1 - X X - X X X X
7. Date of Birth (mm/dd/yyyy) 01 / 16 / 1952	8. Job Title PHYSICAL THERAPIST		
9. Address 27 BERRY LANE	Apt #	City SINGAPORE	State Zip Code
10. Phone Numbers: Daytime YOUR PHONE NUMBER	Evening	Cell	
11. Are you a U.S. Citizen? ☒ Yes ☐ No		12. Is your Spouse a U.S. Citizen? ☐ Yes ☒ No	
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? ☐ Yes ☒ No			
14. Did you pay more than half the cost of keeping up the home? ☒ Yes ☐ No			
15. Check if Legally Blind: ☐ Taxpayer ☐ Spouse			
16. Check if Permanently and Totally Disabled: ☐ Taxpayer ☐ Spouse			
17. On December 31st 2006: Were you: ☐ Single ☒ Legally Married ☐ Separated ☐ Divorced a. If married, were you living with your spouse at anytime during the last 6 months of the year? ☒ Yes ☐ No			
18. Was your spouse deceased? If yes, provide the date of death. ____ / ____ / ____ (mm/dd/yyyy)			

Part II. Family and Dependent Information – Do not include you or your spouse.*Print the name of everyone who lived in your home and outside your home that you supported during the year.*

Name	Date of Birth (mm/dd/yyyy)	Social Security Number or ITIN	Relationship (son, daughter, etc.)	Months person lived with you in 2006	Check if resident of Canada or Mexico	Is the dependent a full time student? (yes or no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
PATRICK D RICHARDS	9/25/1985	522-XX-XXXX	SON	12		YES

Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is: ☐ Single ☒ MFJ ☐ MFS* ☐ HH ☐ Qualifying Widow(er)

*Spouse Name _____ Social Security Number _____

Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- ☒ Yes ☐ No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?
☐ Yes ☒ No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?
☐ Yes ☒ No 4. Is the dependent permanently and totally disabled?
5. Based on the interview, how many individuals qualify as dependents for this return? 1

COMMONLY USED INCOME AND EXPENSES

Volunteers: Please use Publication 17, *Your Federal Income Tax for Individuals* and Publication 4012, *Volunteer Resource Guide* while discussing the questions below with the taxpayer.

Part IV. Income – In 2006, did you receive:

- ☒ Yes ☐ No 1. Wages or Salary (Include W-2s for all jobs worked during the year)
☐ Yes ☒ No 2. Disability income
☒ Yes ☐ No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account
☐ Yes ☒ No 4. State tax refund (may be taxable if you itemized last year)
☐ Yes ☒ No 5. Alimony income
☐ Yes ☒ No 6. Tip income
☒ Yes ☐ No 7. Pension and/or IRA distribution
☐ Yes ☒ No 8. Unemployment
☐ Yes ☒ No 9. Social Security or Railroad Retirement
☒ Yes ☐ No 10. Self Employment
☐ Yes ☒ No 11. Other income such as gambling winnings, awards, prizes and Jury duty

Part V. Adjustment – Did you have 2006 expenses for:

- ☐ Yes ☒ No 1. IRA or other retirement account
☐ Yes ☒ No 2. Alimony payments paid (If yes, you must provide the name and SSN of the recipient)
☐ Yes ☒ No 3. Education related expenses

Part VI. Itemized Deductions – Did you have 2006 expenses for:

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

Part VII. Credits – In 2006, did you have:

- ☐ Yes ☒ No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work
☒ Yes ☐ No 2. Educational expenses for you or your dependents
☐ Yes ☒ No 3. Retirement Savings Contribution

Part VIII. Earned Income Tax Credit Determination – EITC Eligibility

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

a Control number		22222		OMB No. 1545-0046	
b Employee identification number (EIN)				1 Wages, tips, other compensation	
41-1XXXXXX				10000	
c Employer's name, address, and ZIP code				2 Social security wages	
CITY UNIVERSITY				0	
1000 PROVOST DRIVE				3 Federal income tax withheld	
YOUR CITY, STATE ZIP				3000	
d Employee's social security number				4 Social security tax withheld	
520 XX XXXX				0	
e Employee's first name and initial		Last name		5 Medicare wages and tax	
DOUGLAS A		RICHARDS		12500	
f Employee's address and ZIP code				6 Social security tax	
27 BERRY LANE				181	
SINGAPORE				7 Allocated tax	
g Employer's address and ZIP code				8 Address EIC payment	
19 State Employer's state ID number				9 Dependent care benefits	
YS 41-1XXXXXX				10 Dependent care benefits	
16 State wages, tips, etc.				11 Rollover plan	
10000				12a See instructions for box 12	
17 State income tax				12b	
1800				2500	
18 Local wages, tips, etc.				12c	
				12d	
19 Local income tax				12e	
				12f	
20 Local name					

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

2006

Department of the Treasury—Internal Revenue Service

Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.

For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.

Call toll-free 1-800-829-1040

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☐ CORRECTED (if checked)		1 Gross distribution \$ 75000		OMB No. 1545-0119 2006 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
PAYER'S name, street address, city, state, and ZIP code TEACHER RETIREMENT SYSTEM 1513 WEST DALTON YOUR CITY, STATE, ZIP		2a Taxable amount \$		2b Taxable amount not determined ☒ Total distribution ☐		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.	
PAYER'S federal identification number 41-2XXXXXX		RECIPIENT'S identification number 520-XX-XXXX		3 Capital gain (included in box 2a) \$		4 Federal income tax withheld \$ 9850	
RECIPIENT'S name DOUGLAS A RICHARDS		5 Employee contributions or insurance premiums/ designated Roth basis \$		6 Net unrealized appreciation in employer's securities \$		This information is being furnished to the Internal Revenue Service.	
Street address (including apt. no.) 27 BERRY LANE		7 Distribution code(s) 7		8 Other \$ %		9a Your percentage of total distribution %	
City, state, and ZIP code SINGAPORE		9b Total employee contributions \$ 245800		10 State tax withheld \$		11 State/Payer's state no. \$	
1st year of design. Roth contrib. \$		12 State distribution \$		13 Local tax withheld \$		14 Name of locality \$	
Account number (see instructions) \$		15 Local distribution \$		16		17	

Form 1099-R

Department of the Treasury - Internal Revenue Service

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. UNIVERSITY BANK 1826 SCHOLASTIC BLVD YOUR CITY, STATE ZIP		Payer's RTN (optional)	OMB No. 1545-0113 2006	Interest Income
		Form 1099-INT		
PAYER'S Federal identification number 41-XXXXXXX	RECIPIENT'S identification number 520-XX-XXXX	1 Interest income not included in box 3 \$ 964		
RECIPIENT'S name DOUGLAS A RICHARDS Street address (including apt. no.) 27 BERRY LANE City, state, and ZIP code SINGAPORE Account number (see instructions)		2 Early withdrawal penalty \$		3 Interest on U.S. Savings Bonds and Treas. obligations \$
		4 Federal income tax withheld \$		5 Investment expenses \$
		6 Foreign tax paid \$		7 Foreign country or U.S. possession

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

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. TEACHER'S FEDERAL CREDIT UNION 222 SOUTH DELAWARE YOUR CITY, STATE ZIP		Payer's RTN (optional)	OMB No. 1545-0113 2006	Interest Income
		Form 1099-INT		
PAYER'S Federal identification number 41-XXXXXXX	RECIPIENT'S identification number 520-XX-XXXX	1 Interest income not included in box 3 \$ 250		
RECIPIENT'S name DOUGLAS A RICHARDS Street address (including apt. no.) 27 BERRY LANE City, state, and ZIP code SINGAPORE Account number (see instructions)		2 Early withdrawal penalty \$		3 Interest on U.S. Savings Bonds and Treas. obligations \$
		4 Federal income tax withheld \$		5 Investment expenses \$
		6 Foreign tax paid \$		7 Foreign country or U.S. possession

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

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. TEACHER'S FEDERAL CREDIT UNION 222 SOUTH DELAWARE YOUR CITY, STATE ZIP		Payer's RTN (optional)	OMB No. 1545-0113 2006	Interest Income
		Form 1099-INT		
PAYER'S Federal identification number 41-XXXXXXX	RECIPIENT'S identification number 521-XX-XXXX	1 Interest income not included in box 3 \$ 593		
RECIPIENT'S name CLAIRE S RICHARDS Street address (including apt. no.) 27 BERRY LANE City, state, and ZIP code SINGAPORE Account number (see instructions)		2 Early withdrawal penalty \$		3 Interest on U.S. Savings Bonds and Treas. obligations \$
		4 Federal income tax withheld \$		5 Investment expenses \$
		6 Foreign tax paid \$		7 Foreign country or U.S. possession

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

8383 ☐ VOID ☐ CORRECTED		Tuition Statement	
FILER'S name, street address, city, state, ZIP code, and telephone number PRIVATE WESTERN STATE UNIVERSITY 2100 OCEAN SIDE PORTLAND, OR 97206		1 Payments received for qualified tuition and related expenses \$ 16500	1098-T 2006 Form 1098-T
FILER'S federal identification no. 41-6XXXXXX		2 Amounts billed for qualified tuition and related expenses \$	
STUDENT'S social security number \$22 XX XXXX		3 Check if you have changed your reporting method for 2006 ☐	
STUDENT'S name PATRICK D RICHARDS		4 Adjustments made for a prior year \$	5 Substances or grants \$
Street address (including apt. no.) 3456 ATHENS		6 Adjustments to scholarships or grants for a prior year \$	7 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January 1, 2007 ☐
City, state, and ZIP code PORTLAND, OR 97206		8 Check if a graduate student ☐	
Service Provider/Rec'd. by (see instr.) ☐ Check if at least half-time student ☒		9 See contract terms/refund \$	
Form 1098-T Cat. No. 33007-1 Department of the Treasury - Internal Revenue Service			
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Douglas A. Richards 27 Berry Lane Singapore		1234 15-0000000000
PAY TO THE ORDER OF		\$
University Bank Anytown, State 00000 For		DOLLARS
: 111900659 : 062332 1234		

Form **1040**Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return 2006

OMB No. 1545-0047

Label

(See instructions on page 16.)

Use the IRS label.

Otherwise, please print or type.

Presidential Election Campaign

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

Filing Status

Check only one box.

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

Exemptions

If more than four dependents, see page 18.

- 6a ☒ Yourself. If someone can claim you as a dependent, do not check this box.
- b ☒ Spouse
- c Dependents
- | (1) First name | Last name | (2) Dependent's social security number | (3) Dependent's relationship to you | (4) If qualifying child for child tax credit (see page 18) |
|----------------|-----------|--|-------------------------------------|--|
| PATRICK D | RICHARDS | 523 XX XXXX | SON | ☐ |
| | | | | ☐ |
| | | | | ☐ |
| | | | | ☐ |
- d Total number of exemptions claimed **3**

Income

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

If you did not get a W-2, see page 22.

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

- | | | |
|--|-----|--------|
| 7 Wages, salaries, tips, etc. Attach Form(s) W-2 | 7 | 14940 |
| 8a Taxable interest. Attach Schedule B if required | 8a | 1833 |
| 8b Tax-exempt interest. Do not include on line 8a | 8b | |
| 9a Ordinary dividends. Attach Schedule B if required | 9a | |
| 9b Qualified dividends (see page 23) | 9b | |
| 10 Taxable refunds, credits, or offsets of state and local income taxes (see page 25) | 10 | |
| 11 Alimony received | 11 | |
| 12 Business income or (loss). Attach Schedule C or C-EZ | 12 | 3145 |
| 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐ | 13 | |
| 14 Other gains or (losses). Attach Form 4797 | 14 | |
| 15a IRA distributions | 15a | |
| 15b Taxable amount (see page 25) | 15b | |
| 16a Pensions and annuities | 16a | 75000 |
| 16b Taxable amount (see page 25) | 16b | 67487 |
| 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E | 17 | 1820 |
| 18 Farm income or (loss). Attach Schedule F | 18 | |
| 19 Unemployment compensation | 19 | |
| 20a Social security benefits | 20a | |
| 20b Taxable amount (see page 27) | 20b | |
| 21 Other income. List type and amount (see page 29) F2555(2923)F2555EZ(49-49) | 21 | (7872) |
| 22 Add the amounts in the far right column for lines 7 through 21. This is your total income | 22 | 81362 |

Adjusted Gross Income

- | | | |
|---|-----|-------|
| 23 Archer MSA deduction. Attach Form 8853 | 23 | |
| 24 Certain business expenses of reservists, performing artists, and fee-based government officials. Attach Form 2106 or 2106-EZ | 24 | |
| 25 Health savings account deduction. Attach Form 8889 | 25 | |
| 26 Moving expenses. Attach Form 5903 | 26 | |
| 27 One-half of self-employment tax. Attach Schedule SE | 27 | 222 |
| 28 Self-employed SEP, SIMPLE, and qualified plans | 28 | |
| 29 Self-employed health insurance deduction (see page 30) | 29 | |
| 30 Penalty on early withdrawal of savings | 30 | |
| 31a Alimony paid. Attach Recipient's SSN | 31a | |
| 32 IRA deduction (see page 31) | 32 | |
| 33 Student loan interest deduction (see page 33) | 33 | |
| 34 Jury duty pay you gave to your employer | 34 | |
| 35 Domestic production activities deduction. Attach Form 8802 | 35 | |
| 36 Add lines 23 through 31a and 32 through 35 | 36 | 222 |
| 37 Subtract line 36 from line 22. This is your adjusted gross income | 37 | 81140 |

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 78.

Cat. No. 113206

Form **1040** (2006)

Tax and Credits**Standard Deduction for—**

• People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 36.

• All others:

Single or Married filing separately, \$5,100

Married filing jointly or Qualifying widow(er), \$10,300

Head of household, \$7,500

38	Amount from line 37 (adjusted gross income)	38	81140
39a	Check ☐ You were born before January 2, 1942, ☐ Blind, ☐ Total losses ☐ ☐ Spouse was born before January 2, 1942, ☐ Blind, checked ☒ 39a		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	10300
41	Subtract line 40 from line 38	41	70840
42	If line 38 is more than \$12,670, or you provided housing to a person displaced by Hurricane Katrina, see page 37. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d	42	9900
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	60940
44	Tax (see page 37). Check if any tax is from: ☐ Form 9814 ☐ Form 4872	44	8384
45	Alternative minimum tax (see page 38). Attach Form 6251	45	
46	Add lines 44 and 45	46	8384
47	Foreign tax credit. Attach Form 1116 if required	47	407
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule R	49	
50	Education credits. Attach Form 8863	50	1771
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Residential energy credits. Attach Form 5695	52	
53	Child tax credit (see page 30). Attach Form 8801 if required	53	
54	Credits from: ☐ Form 8320 ☐ Form 5520 ☐ Form 8858	54	
55	Other credits: ☐ Form 3800 ☐ Form 8801 ☐ Form	55	
56	Add lines 47 through 55. These are your total credits	56	2178
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	6206

Other Taxes

58	Self-employment tax. Attach Schedule SE	58	444
59	Social security and Medicare tax on income not reported to employer. Attach Form 4137	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 11	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57 through 62. This is your total tax	63	6650

Payments

If you have a qualifying child, attach Schedule EIC

64	Federal income tax withheld from Forms W-2 and 1099	64	12850
65	2008 estimated tax payments and amount applied from 2007 return	65	
66a	Earned income credit (EIC)	66a	
67	Excess social security and tier 1 RRTA tax withheld (see page 58)	67	
68	Additional child tax credit. Attach Form 8812	68	
69	Amount paid with request for extension to file (see page 59)	69	
70	Payments from: ☐ Form 3409 ☐ Form 4136 ☐ Form 6895	70	
71	Credit for federal telephone excise tax paid. Attach Form 8813 if required	71	
72	Add lines 64, 65, 66a, and 67 through 71. These are your total payments	72	12850

Refund

Direct deposit? See page 68 and 69 in T4b, T4c, and T4d, or Form 8888

73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid	73	6200
74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here ☐	74a	6200
74b	Routing number: 1 1 1 8 0 0 6 5 9 ☐ Type ☐ Checking ☒ Savings		
74c	Account number: 0 6 2 3 3 2		
75	Amount of line 73 you want applied to your 2007 estimated tax	75	
76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 60	76	
77	Estimated tax penalty (see page 60)	77	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 61)? ☐ Yes. Complete the following: ☐ No

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

Sign Here

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

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

Your signature Date Your occupation Daytime phone number

Spouse's signature. If a joint return, both must sign. Date Spouse's occupation

Paid Preparer's Use Only

Preparer's signature Date Check if self-employed ☐ Preparer's PIN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code Title Phone no.

SCHEDULE C-EZ
(Form 1040)

Department of the Treasury
Internal Revenue Service

Name of proprietor
CLAIRE S RICHARDS

Net Profit From Business
(Sole Proprietorship)

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

CMBI No. 1548-0074

2006

Attachment
Sequence No. **09A**

Social security number (SSN)
621 XX XXXX

Part I General Information

You May Use
Schedule C-EZ
Instead of
Schedule C
Only If You:

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

And You:

- Had no employees during the year.
- Are not required to file Form 4562, Depreciation and Amortization, for this business. See the instructions for Schedule C, line 13, on page C-4 to find out if you must file.
- Do not deduct expenses for business use of your home.
- Do not have prior year unallowed passive activity losses from this business.

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

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

B Enter code from pages C-8, 9, & 10
► **6 2 1 3 4 0**

D Employer ID number (EIN), if any
.....

E Business address (including suite or room no.). Address not required if same as on Form 1040, page 1.

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

Part II Figure Your Net Profit

1 Gross receipts. Caution. If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see Statutory Employees in the instructions for Schedule C, line 1, on page C-3 and check here	☐	1	5400
2 Total expenses (see instructions). If more than \$5,000, you must use Schedule C.		2	2255
3 Net profit. Subtract line 2 from line 1. If less than zero, you must use Schedule C. Enter on Form 1040, line 12, and also on Schedule SE, line 2. (Statutory employees do not report this amount on Schedule SE, line 2. Estates and trusts, enter on Form 1041, line 3.)		3	3145

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

4 When did you place your vehicle in service for business purposes? (month, day, year) ► **04 / 03 / 2006**

5 Of the total number of miles you drove your vehicle during 2006, enter the number of miles you used your vehicle for:

a Business **1550** **b** Commuting (see instructions) **c** Other **12100**

6 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☒ No

7 Was your vehicle available for personal use during off-duty hours? ☒ Yes ☐ No

8a Do you have evidence to support your deduction? ☒ Yes ☐ No

b If "Yes," is the evidence written? ☒ Yes ☐ No

For Paperwork Reduction Act Notice, see page 2.

Cat. No. 14374D

Schedule C-EZ (Form 1040) 2006

Instructions

You can use Schedule C-EZ instead of Schedule C if you operated a business or practiced a profession as a sole proprietorship or you were a statutory employee and you have met all the requirements listed in Schedule C-EZ, Part I.

Line A

Describe the business or professional activity that provided your principal source of income reported on line 1. Give the general field or activity and the type of product or service.

Line B

Enter the six-digit code that identifies your principal business or professional activity. See pages C-8 through C-10 of the instructions for Schedule C for the list of codes.

Line D

You need an employer identification number (EIN) only if you had a qualified retirement plan or were required to file an employment, excise, estate, trust, or alcohol, tobacco, and firearms tax return. If you need an EIN, see the instructions for Form SS-4. If you do not have an EIN, leave line D blank. Do not enter your SSN.

Line E

Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any.

Line 1

Enter gross receipts from your trade or business. Include amounts you received in your trade or business that were properly shown on Forms 1099-MISC. If the total amounts that were reported in box 7 of Forms 1099-MISC are more than the total you are reporting on line 1, attach a statement explaining the difference. You must show all items of taxable income actually or constructively received during the year (in cash, property, or services). Income is constructively received when it is credited to your account or set aside for you to use. Do not offset this amount by any losses.

Line 2

Enter the total amount of all deductible business expenses you actually paid during the year. Examples of these expenses include advertising, car and truck expenses, commissions and fees, insurance, interest, legal and professional services, office expense, rent or lease expenses, repairs and maintenance, supplies, taxes, travel, the allowable percentage of business meals and entertainment,

and utilities (including telephone). For details, see the instructions for Schedule C, Parts II and V, on pages C-3 through C-7. If you wish, you can use the optional worksheet below to record your expenses. Enter on lines **b** through **g** the type and amount of expenses not included on line **a**.

If you claim car or truck expenses, be sure to complete Schedule C-EZ, Part III.

Line 5b

Generally, commuting is travel between your home and a work location. If you converted your vehicle during the year from personal to business use (or vice versa), enter your commuting miles only for the period you drove your vehicle for business. For information on certain travel that is considered a business expense rather than commuting, see the instructions for Form 2106.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is approved under OMB control number 1545-1973 and is shown below.

Recordkeeping 45 min.
Learning about the law or the form 4 min.
Preparing the form 35 min.
Copying, assembling, and sending the form to the IRS 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Optional Worksheet for Line 2 (keep a copy for your records)

a Deductible business meals and entertainment (see page C-5)	a	
b	b	
c	c	
d	d	
e	e	
f	f	
g	g	
h Total. Add lines a through g . Enter here and on line 2	h	



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Schedule C-EZ (Form 1040) 2006

Form **1116**Department of the Treasury
Internal Revenue Service (999)**Foreign Tax Credit**

(Individual, Estate, or Trust)

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

▶ See separate instructions.

OMB No. 1545-0121

2006Attachment
Sequence No. **19**

Name

DOUGLAS A AND CLAIRE S RICHARDS

Identifying number as shown on page 1 of your tax return

520-XX-XXXX

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

- ☒ **a** Passive income
☐ **b** High withholding tax interest
☐ **c** Financial services income
- ☐ **d** Shipping income
☐ **e** Dividends from a DISC or former DISC
☐ **f** Certain distributions from a foreign sales corporation (FSC) or former FSC
- ☐ **g** Lump-sum distributions
☐ **h** Section 501(c) income
☐ **i** Certain income re-sourced by treaty
☐ **j** General limitation income

k Resident of (name of country) ▶**Note:** If you paid taxes to only one foreign country or U.S. possession, use column A in Part I and line A in Part II. If you paid taxes to more than one foreign country or U.S. possession, use a separate column and line for each country or possession.**Part I Taxable Income or Loss From Sources Outside the United States (for Category Checked Above)**

	Foreign Country or U.S. Possession			Total (Add cols. A, B, and C.)
	A	B	C	
1 Enter the name of the foreign country or U.S. possession SINGAPORE				
1a Gross income from sources within country shown above and of the type checked above (see page 13 of the instructions):				
	3275			1a 3275
b Check if line 1a is compensation for personal services as an employee, your total compensation from all sources is \$250,000 or more, and you used an alternative method to determine its source (see instructions) ☐				
Deductions and losses (Caution: See pages 13 and 14 of the instructions):				
2 Expenses definitely related to the income on line 1a (attach statement):	0			
3 Pro rata share of other deductions not definitely related:				
a Certain itemized deductions or standard deduction (see instructions):	10300			
b Other deductions (attach statement):				
c Add lines 3a and 3b:	10300			
d Gross foreign source income (see instructions):	3275			
e Gross income from all sources (see instructions):	92509			
f Divide line 3d by line 3e (see instructions):	.0354			
g Multiply line 3c by line 3f:	365			
4 Pro rata share of interest expense (see instructions):				
a Home mortgage interest (use worksheet on page 13 of the instructions):	0			
b Other interest expense:	0			
5 Losses from foreign sources:	0			
6 Add lines 2, 3g, 4a, 4b, and 5:	365			6 365
7 Subtract line 6 from line 1a. Enter the result here and on line 14, page 2:				7 2910

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

Country	Credit is claimed for taxes (you must check one) (m) ☐ Paid (n) ☐ Accrued	Foreign taxes paid or accrued						(x) Total foreign taxes paid or accrued (add cols. (i) through (v))
		In foreign currency			In U.S. dollars			
		Taxes withheld at source on:			Taxes withheld at source on:			
		(j) Dividends	(k) Rents and royalties	(l) Interest	(i) Dividends	(u) Rents and royalties	(v) Interest	
A 12/31/2006							819	819
B								
C								
D Add lines A through C, column (x). Enter the total here and on line 9, page 2:								8 819

For Paperwork Reduction Act Notice, see page 18 of the instructions.

Cat. No. 11440U

Form **1116** (2005)

Part III Figuring the Credit

9	Enter the amount from line 8. These are your total foreign taxes paid or accrued for the category of income checked above Part I	9	819
10	Carryback or carryover (attach detailed computation)	10	0
11	Add lines 9 and 10	11	819
12	Reduction in foreign taxes (see page 15 of the instructions)	12	0
13	Subtract line 12 from line 11. This is the total amount of foreign taxes available for credit	13	819
14	Enter the amount from line 7. This is your taxable income or (loss) from sources outside the United States (before adjustments) for the category of income checked above Part I (see page 15 of the instructions)	14	2910
15	Adjustments to line 14 (see page 16 of the instructions)	15	0
16	Combine the amounts on lines 14 and 15. This is your net foreign source taxable income. (If the result is zero or less, you have no foreign tax credit for the category of income you checked above Part I. Skip lines 17 through 21. However, if you are filing more than one Form 1116, you must complete line 19.)	16	2910
17	Individuals: Enter the amount from Form 1040, line 41 (minus any amount on Form 8914, line 2). If you are a nonresident alien, enter the amount from Form 1040NR, line 38 (minus any amount on Form 8914, line 2). Estates and trusts: Enter your taxable income without the deduction for your exemption	17	74115
	Caution: If you figured your tax using the lower rates on qualified dividends or capital gains, see page 17 of the instructions.		
18	Divide line 16 by line 17. If line 16 is more than line 17, enter "1"	18	.0393
19	Individuals: Enter the amount from Form 1040, line 44. If you are a nonresident alien, enter the amount from Form 1040NR, line 41. Estates and trusts: Enter the amount from Form 1041, Schedule G, line 1a, or the total of Form 990-T, lines 36 and 37	19	9171
	Caution: If you are completing line 19 for separate category g (lump-sum distributions), see page 18 of the instructions.		
20	Multiply line 19 by line 18 (maximum amount of credit)	20	407
21	Enter the smaller of line 13 or line 20. If this is the only Form 1116 you are filing, skip lines 22 through 30 and enter this amount on line 31. Otherwise, complete the appropriate line in Part IV (see page 18 of the instructions)	21	407

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

22	Credit for taxes on passive income	22	407
23	Credit for taxes on high withholding tax interest	23	
24	Credit for taxes on financial services income	24	
25	Credit for taxes on shipping income	25	
26	Credit for taxes on dividends from a DISC or former DISC and certain distributions from a FSC or former FSC	26	
27	Credit for taxes on lump-sum distributions	27	
28	Credit for taxes on certain income re-sourced by treaty	28	
29	Credit for taxes on general limitation income	29	
30	Add lines 22 through 29	30	407
31	Enter the smaller of line 19 or line 30	31	407
32	Reduction of credit for international boycott operations. See instructions for line 12 on page 15	32	
33	Subtract line 32 from line 31. This is your foreign tax credit . Enter here and on Form 1040, line 47; Form 1040NR, line 44; Form 1041, Schedule G, line 2a; or Form 990-T, line 48a	33	407

Form **1116** (2006)

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Form **2555**Department of the Treasury
Internal Revenue Service**Foreign Earned Income**

▶ See separate instructions. ▶ Attach to Form 1040.

OMB No. 1545-0074

2006Attachment
Sequence No. **34****For Use by U.S. Citizens and Resident Aliens Only**

Name shown on Form 1040

CLAIRE S RICHARDS

Your social security number

621 XX XXXX

Part I General Information

- 1**
- Your foreign address (including country)
-
- 27 BERRY LANE, SINGAPORE

- 2**
- Your occupation
-
- PHYSICAL THERAPIST

- 3**
- Employer's name ▶

- 4a**
- Employer's U.S. address ▶

- 4b**
- Employer's foreign address ▶

- 5**
- Employer is (check)
- ☐
- a A foreign entity
- ☐
- b A U.S. company
- ☒
- c Self
-
- any that apply:
- ☐
- d A foreign affiliate of a U.S. company
- ☐
- e Other (specify) ▶

- 6a**
- If, after 1981, you filed Form 2555 or Form 2555-EZ, enter the last year you filed the form. ▶

- 6b**
- If you did not file Form 2555 or 2555-EZ after 1981 to claim either of the exclusions, check here
- ☒
- and go to line 7.

- 6c**
- Have you ever revoked either of the exclusions?
- ☐
- Yes
- ☐
- No

- 6d**
- If you answered "Yes," enter the type of exclusion and the tax year for which the revocation was effective. ▶

- 7**
- Of what country are you a citizen/national? ▶ SINGAPORE

- 8a**
- Did you maintain a separate foreign residence for your family because of adverse living conditions at your tax home? See
- Second foreign household**
- on page 3 of the instructions.
- ☐
- Yes
- ☒
- No

- 8b**
- If "Yes," enter city and country of the separate foreign residence. Also, enter the number of days during your tax year that you maintained a second household at that address. ▶

- 9**
- List your tax home(s) during your tax year and date(s) established. ▶ SINGAPORE, JANUARY 24, 2006

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

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

- 10**
- Date bona fide residence began ▶ , and ended ▶

- 11**
- Kind of living quarters in foreign country ▶
- ☐
- a Purchased house
- ☐
- b Rented house or apartment
- ☐
- c Rented room
-
- ☐
- d Quarters furnished by employer

- 12a**
- Did any of your family live with you abroad during any part of the tax year?
- ☐
- Yes
- ☐
- No

- 12b**
- If "Yes," who and for what period? ▶

- 13a**
- Have you submitted a statement to the authorities of the foreign country where you claim bona fide residence that you are not a resident of that country? See instructions.
- ☐
- Yes
- ☐
- No

- 13b**
- Are you required to pay income tax to the country where you claim bona fide residence? See instructions.
- ☐
- Yes
- ☐
- No

If you answered "Yes" to 13a and "No" to 13b, you do not qualify as a bona fide resident. Do not complete the rest of this part.

- 14**
- If you were present in the United States or its possessions during the tax year, complete columns (a)-(d) below. Do not include the income from column (d) in Part IV, but report it on Form 1040.

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

- 15a**
- List any contractual terms or other conditions relating to the length of your employment abroad. ▶

- 15b**
- Enter the type of visa under which you entered the foreign country. ▶

- 15c**
- Did your visa limit the length of your stay or employment in a foreign country? If "Yes," attach explanation.
- ☐
- Yes
- ☐
- No

- 15d**
- Did you maintain a home in the United States while living abroad?
- ☐
- Yes
- ☐
- No

- 15e**
- If "Yes," enter address of your home, whether it was rented, the names of the occupants, and their relationship to you. ▶

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

Cat. No. 111000P

Form **2555** (2006)

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

- 16** The physical presence test is based on the 12-month period from **02/01/2006** through **01/31/2006**.
- 17** Enter your principal country of employment during your tax year: **SINGAPORE**.
- 18** If you traveled abroad during the 12-month period entered on line 16, complete columns (a)-(f) below. Exclude travel between foreign countries that did not involve travel on or over international waters, or in, or over the United States, for 24 hours or more. If you have no travel to report during the period, enter "Physically present in a foreign country or countries for the entire 12-month period." **Do not** include the income from column (f) below in Part IV, but report it on Form 1040.

(a) Name of country (including U.S.)	(b) Date arrived	(c) Date left	(d) Full days present in country	(e) Number of days in U.S. in business	(f) Income earned in U.S. (see business (attach computation))
UNITED STATES	12/22/2005	01/04/2007	14	0	0

Part IV All Taxpayers

Note: Enter on lines 19 through 23 all income, including noncash income, you earned and actually or constructively received during your 2006 tax year for services you performed in a foreign country. If any of the foreign earned income received this tax year was earned in a prior tax year, or will be earned in a later tax year (such as a bonus), see the instructions. **Do not** include income from line 14, column (d), or line 18, column (f). Report amounts in U.S. dollars, using the exchange rates in effect when you actually or constructively received the income.

If you are a cash basis taxpayer, report on Form 1040 all income you received in 2006, no matter when you performed the service.

2006 Foreign Earned Income		Amount (in U.S. dollars)
19 Total wages, salaries, bonuses, commissions, etc.		19 0
Check this box if the amount on line 19 is \$250,000 or more and you are using an alternative method to determine the source of this compensation income. See instructions ☐		
20 Allowable share of income for personal services performed. (see instructions):		
a In a business (including farming) or profession		20a 3145
b In a partnership. List partnership's name and address and type of income. ▶		20b
21 Noncash income (market value of property or facilities furnished by employer—attach statement showing how it was determined):		
a Home (lodging).		21a
b Meals		21b
c Car		21c
d Other property or facilities. List type and amount. ▶		21d
22 Allowances, reimbursements, or expenses paid on your behalf for services you performed:		
a Cost of living and overseas differential	22a	
b Family	22b	
c Education	22c	
d Home leave	22d	
e Quarters	22e	
f For any other purpose. List type and amount. ▶	22f	
g Add lines 22a through 22f	22g	
23 Other foreign earned income. List type and amount. ▶		23
24 Add lines 19 through 21d, line 22g, and line 23		24 3145
25 Total amount of meals and lodging included on line 24 that is excludable. (see instructions)		25
26 Subtract line 25 from line 24. Enter the result here and on line 27 on page 3. This is your 2006 foreign earned income		26 3145

Part V All Taxpayers

27 Enter the amount from line 26

27 3145

Are you claiming the housing exclusion or housing deduction?

☐ Yes. Complete Part VI.☐ No. Go to Part VII.**Part VI Taxpayers Claiming the Housing Exclusion and/or Deduction**

28 Qualified housing expenses for the tax year. (see instructions)

28

29 Enter limit on housing expenses (see instructions)

29

30 Enter the **smaller** of line 28 or line 29

30

31 Number of days in your qualifying period that fall within your 2005 tax year. (see instructions)

31

days

32 Multiply \$36.12 by the number of days on line 31. If 365 is entered on line 31, enter \$13,184.00 here

32

33 Subtract line 32 from line 30. If the result is zero or less, do not complete the rest of this part or any of Part IX

33

34 Enter employer-provided amounts. (see instructions)

34

35 Divide line 34 by line 27. Enter the result as a decimal (rounded to at least three places), but do not enter more than "1.000"

35

36 **Housing exclusion.** Multiply line 33 by line 35. Enter the result but do not enter more than the amount on line 34. Also, complete Part VIII

36

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

37 Maximum foreign earned income exclusion

37 \$82,400 00

38 • If you completed Part VI, enter the number from line 31.

38

331

days

• All others, enter the number of days in your qualifying period that fall within your 2006 tax year (see the instructions for line 31).

39 • If line 38 and the number of days in your 2006 tax year (usually 365) are the same, enter "1.000."

39

• Otherwise, divide line 38 by the number of days in your 2006 tax year and enter the result as a decimal (rounded to at least three places).

, 807

40 Multiply line 37 by line 39

40 74737

41 Subtract line 36 from line 27

41 3145

42 **Foreign earned income exclusion.** Enter the **smaller** of line 40 or line 41. Also, complete Part VIII

42 3145

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

43 Add lines 36 and 42

43 3145

44 Deductions allowed in figuring your adjusted gross income (Form 1040, line 37) that are allocable to the excluded income. See instructions and attach computation

44 222

45 Subtract line 44 from line 43. Enter the result here and in parentheses on **Form 1040, line 21.** Next to the amount enter "Form 2555." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22.

45 2923

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

46 Subtract line 36 from line 33

46

47 Subtract line 43 from line 27

47

48 Enter the **smaller** of line 46 or line 47

48

Note: If line 47 is more than line 48 and you could not deduct all of your 2005 housing deduction because of the 2005 limit, use the worksheet on page 4 of the instructions to figure the amount to enter on line 49. Otherwise, go to line 50.

49 Housing deduction carryover from 2005 (from worksheet on page 4 of the instructions)

49

50 **Housing deduction.** Add lines 48 and 49. Enter the total here and on Form 1040 to the left of line 36. Next to the amount on Form 1040, enter "Form 2555." Add it to the total adjustments reported on that line

50



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Form 2555 (2005)

Form **2555-EZ**Department of the Treasury
Internal Revenue Service (998)**Foreign Earned Income Exclusion**

▶ See separate instructions. ▶ Attach to Form 1040.

OMB No. 1545-0074

2006Attachment
Sequence No. **34A**Name shown on Form 1040
DOUGLAS A RICHARDSYour social security number
520 XX XXXX**You May Use
This Form
If You:**

- Are a U.S. citizen or a resident alien.
- Earned wages/salaries in a foreign country.
- Had total foreign earned income of \$82,400 or less.
- Are filing a calendar year return that covers a 12-month period.

And You:

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

Part I Tests To See If You Can Take the Foreign Earned Income Exclusion**1 Bona Fide Residence Test**

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

2 Physical Presence Test

- a Were you physically present in a foreign country or countries for at least 330 full days during—
 { 2006 or any other period of 12 months in a row starting or ending in 2006? } ☒ Yes ☐ No
- If you answered "Yes," you meet this test. Fill in line 2b and then go to line 3.
 - If you answered "No," you **do not** meet this test. You **cannot** take the exclusion unless you meet the Bona Fide Residence Test above.
- b The physical presence test is based on the 12-month period from ▶ 02/01/2006 through ▶ 01/31/2007

3 Tax Home Test. Was your tax home in a foreign country or countries throughout your period of bona fide residence or physical presence, whichever applies? ☐ Yes ☐ No

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

Part II General Information4 Your foreign address (including country)
27 BERRY LANE, SINGAPORE5 Your occupation
ARCHITECT6 Employer's name
LIAM AND SONS

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

8 Employer's foreign address
52 POETS LANE, SINGAPORE**9 Employer is (check any that apply):**

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

10a If you filed Form 2555 or 2555-EZ after 1981, enter the last year you filed the form. ▶b If you did not file Form 2555 or 2555-EZ after 1981, check here ☐ and go to line 11a now.c Have you ever revoked the foreign earned income exclusion? ☐ Yes ☐ No

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

11a List your tax home(s) during 2006 and date(s) established. ▶

b Of what country are you a citizen/national? ▶

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

Cat. No. 13272W

Form **2555-EZ** (2006)

Part III Days Present in the United States—Complete this part if you were in the United States or its possessions during 2006.

12 (a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)
12/22/2006	01/04/2007	0	0

Part IV Figure Your Foreign Earned Income Exclusion

13 Maximum foreign earned income exclusion	13 \$62,400 00
14 Enter the number of days in your qualifying period that fall within 2006	14 331 days
15 Did you enter 365 on line 14? ☐ Yes. Enter "1,000." ☐ No. Divide line 14 by 365 and enter the result as a decimal (rounded to at least three places).	15 × .907
16 Multiply line 13 by line 15	16 74737
17 Enter, in U.S. dollars, the total foreign earned income you earned and received in 2006 (see instructions). Be sure to include this amount on Form 1040, line 7	17 4949
18 Foreign earned income exclusion. Enter the smaller of line 16 or line 17 here and in parentheses on Form 1040, line 21. Next to the amount enter "2555-EZ." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22	18 4949

Form **2555-EZ** (2006)

Form **8863**Department of the Treasury
Internal Revenue Service (99)**Education Credits**
(Hope and Lifetime Learning Credits)▶ See instructions.
▶ Attach to Form 1040 or Form 1040A.

OMB No. 1545-0074

2006Attachment
Sequence No. **50**

Name(s) shown on return

DOUGLAS A AND CLAIRE S RICHARDS

Your social security number

520 XX XXXX

Caution: You **cannot** take the Hope credit and the lifetime learning credit for the **same student** in the same year.**Part I Hope Credit.** **Caution:** You **cannot** take the Hope credit for more than **2** tax years for the **same student**.

1	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions). Do not enter more than \$2,200* for each student.	(d) Enter the smaller of the amount in column (c) or \$1,100**	(e) Add column (c) and column (d)	(f) Enter one-half of the amount in column (e)

* For each student who attended an eligible educational institution in the Gulf Opportunity Zone, do not enter more than \$4,400.

** For each student who attended an eligible educational institution in the Gulf Opportunity Zone, enter the **smaller** of the amount in column (c) or \$2,200.**2 Tentative Hope credit.** Add the amounts on line 1, column (f). If you are taking the lifetime learning credit for another student, go to Part II; otherwise, go to Part III. ▶**2****Part II Lifetime Learning Credit**

3	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions)
	PATRICK D RICHARDS	522 XX XXXX	16500
4	Add the amounts on line 3, column (c), and enter the total	4	16500
5a	Enter the smaller of line 4 or \$10,000	5a	10000
b	For students who attended an eligible educational institution in the Gulf Opportunity Zone, enter the smaller of \$10,000 or their qualified expenses included on line 4 (see special rules on page 3)	5b	0
c	Subtract line 5b from line 5a	5c	10000
6a	Multiply line 5b by 40% (.40)	6a	0
b	Multiply line 5c by 20% (.20)	6b	2000
c	Tentative lifetime learning credit. Add lines 6a and 6b and go to Part III	6c	2000

Part III Allowable Education Credits

7	Tentative education credits. Add lines 2 and 6c	7	2000
8	Enter: \$110,000 if married filing jointly; \$55,000 if single, head of household, or qualifying widow(er)	8	110000
9	Enter the amount from Form 1040, line 38*, or Form 1040A, line 22	9	82286
10	Subtract line 9 from line 8. If zero or less, stop ; you cannot take any education credits	10	17714
11	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)	11	20000
12	If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places)	12	X 8857
13	Multiply line 7 by line 12	13	1771
14	Enter the amount from Form 1040, line 46, or Form 1040A, line 28	14	8384
15	Enter the total, if any, of your credits from Form 1040, lines 47 through 49, or Form 1040A, lines 29 and 30	15	407
16	Subtract line 15 from line 14. If zero or less, stop ; you cannot take any education credits	16	7977
17	Education credits. Enter the smaller of line 13 or line 16 here and on Form 1040, line 50, or Form 1040A, line 31	17	1771

* If you are filing Form 2555, 2555-EZ, or 4563, or you are excluding income from Puerto Rico, see Pub. 870 for the amount to enter.

For Paperwork Reduction Act Notice, see page 4.

Cat. No. 25379M

Form **8863** (2006)

SCHEDULES A&B
(Form 1040)

Department of the Treasury
Internal Revenue Service

Schedule A—Itemized Deductions

(Schedule B is on back)

OMB No. 1545-0074

2006

Attachment
Sequence No. **07**

Name(s) shown on Form 1040

DOUGLAS A AND CLAIRE S RICHARDS

Your social security number

520 XX XXXX

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see page A-2)	1		
2	Enter amount from Form 1040, line 38	2		
3	Multiply line 2 by 7.5% (.075)	3		
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		
Taxes You Paid	5 State and local income taxes	5		
(See page A-2.)	6 Real estate taxes (see page A-5)	6		
	7 Personal property taxes	7		
	8 Other taxes. List type and amount	8		
	9 Add lines 5 through 8	9		
Interest You Paid	10 Home mortgage interest and points reported to you on Form 1098	10		
(See page A-5.)	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-6 and show that person's name, identifying no., and address	11		
Note. Personal interest is not deductible.	12 Points not reported to you on Form 1098. See page A-6 for special rules	12		
	13 Investment interest. Attach Form 4952 if required. (See page A-6.)	13		
	14 Add lines 10 through 13	14		
Gifts to Charity	15 Gifts by cash or check. If you made any gift of \$250 or more, see page A-7	15		
If you made a gift and got a benefit for it, see page A-7.	16 Other than by cash or check. If any gift of \$250 or more, see page A-7. You must attach Form 8263 if over \$500	16		
	17 Carryover from prior year	17		
	18 Add lines 15 through 17	18		
Casualty and Theft Losses	19 Casualty or theft losses. Attach Form 4684. (See page A-8.)	19		
Job Expenses and Certain Miscellaneous Deductions	20 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-8.)	20		
(See page A-8.)	21 Tax preparation fees	21		
	22 Other expenses—investment, safe deposit box, etc. List type and amount	22		
	23 Add lines 20 through 22	23		
	24 Enter amount from Form 1040, line 38	24		
	25 Multiply line 24 by 2% (.02)	25		
	26 Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26		
Other Miscellaneous Deductions	27 Other—from list on page A-9. List type and amount	27		
Total Itemized Deductions	28 Is Form 1040, line 38, over \$150,500 (over \$75,250 if married filing separately)? ☐ No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 40. ☐ Yes. Your deduction may be limited. See page A-9 for the amount to enter.	28		
	29 If you elect to itemize deductions even though they are less than your standard deduction, check here ☐			

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11330X

Schedule A (Form 1040) 2006

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

DOUGLAS A AND CLAIRE S RICHARDS

Your social security number

520 XX XXXX

Attachment
Sequence No. 08**Schedule B—Interest and Ordinary Dividends****Part I
Interest**(See page B-1
and the
instructions for
Form 1040,
line 8a.)

- 1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶
- | | Amount |
|-----------------|--------|
| UNIVERSITY BANK | \$64 |
| TEACHER'S FCU | 256 |
| TEACHER'S FCE | \$93 |

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

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

**Part II
Ordinary
Dividends**(See page B-1
and the
instructions for
Form 1040,
line 9a.)

- 5 List name of payer ▶

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

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

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

**Part III
Foreign
Accounts
and Trusts**(See
page B-2.)

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

- 7a At any time during 2006, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1.
- b If "Yes," enter the name of the foreign country ▶ SINGAPORE
- 8 During 2006, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2.

Yes	No
☒	☐
☐	☒

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule B (Form 1040) 2006

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SCHEDULE E
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Supplemental Income and Loss

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

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

OMB No. 1545-0074

2006

Attachment
Sequence No. 13

Name(s) shown on return

DOUGLAS A AND CLAIRE S RICHARDS

Your social security number

520 XX XXXX

Part I **Income or Loss From Rental Real Estate and Royalties** **Note.** If you are in the business of renting personal property, use

Schedule C or C-EZ (see page E-3). Report farm rental income or loss from **Form 4035** on page 2, line 40.

1 List the type and location of each rental real estate property:		2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:			Yes No	
		A	B	C		
A	DUPLEX, 1100 CAMPUS DRIVE					☒
B						
C						

	Properties			Totals (Add columns A, B, and C.)
	A	B	C	
Income:				
3 Rents received	7200			7200
4 Royalties received				
Expenses:				
5 Advertising				
6 Auto and travel (see page E-4)				
7 Cleaning and maintenance				
8 Commissions				
9 Insurance	450			
10 Legal and other professional fees				
11 Management fees				
12 Mortgage interest paid to banks, etc. (see page E-4)	1600			1600
13 Other interest				
14 Repairs				
15 Supplies				
16 Taxes	750			
17 Utilities				
18 Other (list) PAINTING	380			
19 Add lines 5 through 18	3180			3180
20 Depreciation expense or depletion (see page E-4)	2200			2200
21 Total expenses. Add lines 19 and 20	5380			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-5 to find out if you must file Form 6198 .	1820			
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-5 to find out if you must file Form 8582 . Real estate professionals must complete line 43 on page 2.				
24 Income. Add positive amounts shown on line 22. Do not include any losses.				1820
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here.				
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 41 on page 2.				1820

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

Cat. No. 11348L

Schedule E (Form 1040) 2006

SCHEDULE SE
(Form 1040)

Department of the Treasury
Internal Revenue Service (999)

Self-Employment Tax

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

OMB No. 1545-0074

2006

Attachment
Sequence No. 17

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

CLAIRE S RICHARDS

Social security number of person
with self-employment income ▶

621 XX XXXX

Who Must File Schedule SE

You must file Schedule SE if:

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

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

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

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

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



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

1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1	
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code K1. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report	2	3145
3	Combine lines 1 and 2	3	3145
4	Net earnings from self-employment. Multiply line 3 by 92.35% (.9235). If less than \$400, do not file this schedule; you do not owe self-employment tax ▶	4	2904
5	Self-employment tax. If the amount on line 4 is: • \$94,200 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 58. • More than \$94,200, multiply line 4 by 2.9% (.029). Then, add \$11,680.80 to the result. Enter the total here and on Form 1040, line 58.	5	444
6	Deduction for one-half of self-employment tax. Multiply line 5 by 50% (.5). Enter the result here and on Form 1040, line 27	6	222

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11058Z

Schedule SE (Form 1040) 2006

Simplified Method Worksheet—Lines 16a and 16b

Keep for Your Records



Before you begin: If you are the beneficiary of a deceased employee or former employee who died before August 21, 1996, include any death benefit exclusion that you are entitled to (up to \$5,000) in the amount entered on line 2 below.
Note. If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 16b. Enter the total pension or annuity payments received in 2006 on Form 1040, line 16a.

1. Enter the total pension or annuity payments received in 2006. Also, enter this amount on Form 1040, line 16a	1.	75000
2. Enter your cost in the plan at the annuity starting date. Note. If you completed this worksheet last year, skip line 2 and enter the amount from line 4 of last year's worksheet on line 4 below (even if the amount of your pension or annuity has changed). Otherwise, go to line 3.	2.	245800
3. Enter the appropriate number from Table 1 below. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, enter the appropriate number from Table 2 below	3.	360
4. Divide line 2 by the number on line 3	4.	683
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was before 1983, skip lines 5 and 6 and enter this amount on line 8. Otherwise, go to line 6	5.	7513
6. Enter the amount, if any, recovered tax free in years after 1998	6.	0
7. Subtract line 6 from line 5	7.	245800
8. Enter the smaller of line 5 or line 7	8.	7513
9. Taxable amount. Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040, line 16b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R	9.	67487
10. Was your annuity starting date before 1983?		
☐ Yes. ☒ No. Leave line 10 blank.		
☐ No. Add lines 8 and 6. This is the amount you have recovered tax free through 2006. You will need this number when you fill out this worksheet next year.		

Table 1 for Line 3 Above

If the age at annuity starting date (see page 26) was . . .	AND your annuity starting date was—	
	before November 18, 1996, enter on line 3 . . .	after November 18, 1996, enter on line 3 . . .
55 or older	360	360
56–59	360	310
60–64	360	260
65–69	170	210
70 or older	120	160

Table 2 for Line 3 Above

If the combined ages at annuity starting date (see page 26) were . . .	THEN enter on line 3 . . .
118 or older	410
111–120	360
121–130	310
131–140	260
141 or older	210

International Scenario 2 Test Questions

Directions

You are reviewing a return prepared by a volunteer at site S5201555. Based on that return, answer the following questions. You are a volunteer at site S52015555.

Note: To complete social security numbers and employer identification numbers, replace Xs with 286560 or with the EFIN provided by your instructor.

- 13.1** What is the correct amount of wages, salaries, tips, etc. on line 7 of Form 1040?
- a. \$10,000
 - b. \$14,949
 - c. \$17,200
 - d. \$20,475
- 13.2** The correct taxable interest on line 8a of Form 1040 is \$_____.
- 13.3** Is the business income or loss on line 12 of Form 1040 filled in correctly?
- a. Yes
 - b. No
 - c. Not applicable
- 13.4** The correct taxable amount of the Richards' pensions and annuities on line 16b of Form 1040 is \$_____.
- 13.5** What is the correct amount of other income on line 21 of Form 1040?
- a. (\$8,094)
 - b. (\$7,872)
 - c. (\$2,923)
 - d. \$0
- 13.6** The correct total rental real estate and royalty income or loss on line 26 of Schedule E is \$_____.
- 13.7** The correct tax on line 46 of Form 1040 is \$_____.

- 13.8** Is the foreign tax credit on line 47 of Form 1040 filled in correctly?
- a. Yes
 - b. No
 - c. Not applicable
- 13.9** Did the volunteer correctly transfer the direct deposit information onto the Refund section on Form 1040?
- a. Yes
 - b. No
 - c. Not applicable

Blank Forms

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

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

Please record your answers to the test questions on the Answer Sheet in the front of this Test booklet.

Form 1040, U.S. Individual Income Tax Return, pages 1 & 2	3
Schedule A&B, Itemized Deductions/Interest and Ordinary Dividends	7
Form 2441, Child and Dependent Care Expenses, pages 1 & 2	11
Schedule EIC, Earned Income Credit, pages 1 & 2	15
Schedule EIC Worksheet, worksheets A & B	19
Child Tax Credit Worksheet	22
Schedule C-EZ, Net Profit From Business, pages 1 & 2	26
Schedule D, Capital Gains and Losses, pages 1 & 2	28
Schedule E, Supplemental Income and Loss, pages 1 & 2	30
Schedule SE, Self-Employment Tax, pages 1 & 2	32
Qualified Dividends and Capital Gain Tax Worksheet	34
Simplified Method Worksheet	35
Social Security Benefits Worksheet	36
Form 1116, Foreign Tax Credit, pages 1 & 2	37
Form 2555, Foreign Earned Income, pages 1, 2 & 3	39
Form 2555-EZ, Foreign Earned Income Exclusion, pages 1 & 2	42
Foreign Earned Income Tax Worksheet	44
Form 5695, Residential Energy Credits, pages 1 & 2	45
Form 8812, Additional Child Tax Credit, pages 1 & 2	47
Form 8863, Education Credits	49
MAGI for the Hope Credit	50
Form 8880, Credit for Qualified Retirement Savings Contributions	51
Form 2106, Employee Business Expenses, pages 1 & 2	52
Form 8888, Direct Deposit of Refund	54
Form 1040-V, Payment Voucher	55

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Form **1040**

Department of the Treasury—Internal Revenue Service

U.S. Individual Income Tax Return 2006

OMB No. 1545-0047

See instructions for filing this return.

Label

(See instructions on page 16.)

Use the IRS label. Otherwise, please print or type.

Presidential Election CampaignCheck here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16). ☐ You ☐ Spouse**Filing Status**

Check only one box.

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

Exemptions

If more than four dependents, see page 18.

- 6a ☐ Yourself. If someone can claim you as a dependent, do not check this box.
b ☐ Spouse
c ☐ Dependents.
(1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) If qualifying child for child tax credit (see page 16)
d Total number of exemptions claimed

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

Income

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

If you did not get a W-2, see page 22.

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

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

Adjusted Gross Income

- 23 Another MSA deduction. Attach Form 8853
24 Certain business expenses of reservists, performing artists, and fee-based government officials. Attach Form 2106 or 2106-EZ
25 Health savings account deduction. Attach Form 8889
26 Moving expenses. Attach Form 5903
27 One-half of self-employment tax. Attach Schedule SE
28 Self-employed SEP, SIMPLE, and qualified plans
29 Self-employed health insurance deduction (see page 30)
30 Penalty on early withdrawal of savings
31a Amount paid to recipient's SSN
32 IRA deduction (see page 31)
33 Student loan interest deduction (see page 33)
34 Jury duty pay you gave to your employer
35 Domestic production activities deduction. Attach Form 8802
36 Add lines 23 through 31a and 32 through 35
37 Subtract line 36 from line 22. This is your adjusted gross income

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 78.

Cat. No. 113206

Form **1040** (2006)

Tax and Credits**Standard Deduction for—**

• People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 36.

• All others:

Single or Married filing separately, \$3,500

Married filing jointly or Qualifying widow(er), \$7,000

Head of household, \$5,000

38	Amount from line 37 (adjusted gross income)	38	
39a	Check ☐ You were born before January 2, 1942, ☐ Blind, ☐ Total losses ☐ 39a		
	☐ Spouse was born before January 2, 1942, ☐ Blind, ☒ checked 39a		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	
41	Subtract line 40 from line 38	41	
42	If line 38 is over \$112,675, or you provided housing to a person displaced by Hurricane Katrina, see page 37. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d	42	
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	
44	Tax (see page 37). Check if any tax is from: ☐ Form 9814 ☐ Form 4872	44	
45	Alternative minimum tax (see page 38). Attach Form 6251	45	
46	Add lines 44 and 45	46	
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule R	49	
50	Educator expense. Attach Form 8833	50	
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Residential energy credits. Attach Form 5695	52	
53	Child tax credit (see page 30). Attach Form 8801 if required	53	
54	Credits from: ☐ Form 8320 ☐ Form 5520 ☐ Form 8858	54	
55	Other credits: ☐ Form 3800 ☐ Form 8801 ☐ Form	55	
56	Add lines 47 through 55. These are your total credits	56	
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	

Other Taxes

58	Self-employment tax. Attach Schedule SE	58	
59	Social security and Medicare tax on income not reported to employer. Attach Form 4137	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 11	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57 through 62. This is your total tax	63	

Payments

If you have a qualifying child, attach Schedule EIC

64	Federal income tax withheld from Forms W-2 and 1099	64	
65	2000 estimated tax payments and amount applied from 2005 return	65	
66a	Earned income credit (EIC)	66a	
67	Nonrefundable combat pay election 66b	67	
68	Excess social security and tier 1 RRTA tax withheld (see page 58)	68	
69	Additional child tax credit. Attach Form 8812	69	
70	Amount paid with request for extension to file (see page 59)	70	
71	Payments from: ☐ Form 3498 ☐ Form 4136 ☐ Form 6885	71	
72	Credit for federal telephone excise tax paid. Attach Form 8813 if required	72	
73	Add lines 64, 65, 66a, and 67 through 71. These are your total payments	73	

Refund

Direct deposit? See page 68 and 69 in T4B, T4C, and T4D, or Form 8888

74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here ☐	74a	
74b	Routing number	74b	
74c	Account number	74c	
75	Amount of line 73 you want applied to your 2007 estimated tax	75	

Amount You Owe

76	Amount you owe. Subtract line 73 from line 63. For details on how to pay, see page 60	76	
77	Estimated tax penalty (see page 60)	77	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 61)? ☐ Yes. Complete the following: ☐ No

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

Sign Here

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

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

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

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ☐	Preparer's EIN or PTIN
Firm's name (for joint self-employed, address, and ZIP code)	Title	Phone no.	

Form **1040**

Department of the Treasury—Internal Revenue Service

U.S. Individual Income Tax Return 2006

OMB No. 1545-0047

See instructions for filing this return.

Label

(See instructions on page 16.)

Use the IRS label. Otherwise, please print or type.

Presidential Election CampaignCheck here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16). ☐ You ☐ Spouse**Filing Status**

Check only one box.

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

Exemptions

If more than four dependents, see page 18.

- 5a ☐ Yourself. If someone can claim you as a dependent, do not check this box.
b ☐ Spouse
c ☐ Dependents:
(1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) If qualifying child for credit (see page 18)
d Total number of exemptions claimed

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

Income

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

If you did not get a W-2, see page 22.

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

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

Adjusted Gross Income

- 23 Another MSA deduction. Attach Form 8853
24 Certain business expenses of reservists, performing artists, and fee-based government officials. Attach Form 2106 or 2106-EZ
25 Health savings account deduction. Attach Form 8889
26 Moving expenses. Attach Form 5903
27 One-half of self-employment tax. Attach Schedule SE
28 Self-employed SEP, SIMPLE, and qualified plans
29 Self-employed health insurance deduction (see page 30)
30 Penalty on early withdrawal of savings
31a Amount paid to recipient's SSN
32 IRA deduction (see page 31)
33 Student loan interest deduction (see page 33)
34 Jury duty pay you gave to your employer
35 Domestic production activities deduction. Attach Form 8802
36 Add lines 23 through 31a and 32 through 35
37 Subtract line 36 from line 22. This is your adjusted gross income

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 78.

Cat. No. 113206

Form **1040** (2006)

Tax and Credits**Standard Deduction for—**

• People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 36.

• All others:

Single or Married filing separately, \$5,150

Married filing jointly or Qualifying widow(er), \$10,300

Head of household, \$7,500

38	Amount from line 37 (adjusted gross income)	38	
39a	Check ☐ You were born before January 2, 1942, ☐ Blind ☐ Total losses ☐ ☐ Spouse was born before January 2, 1942, ☐ Blind ☒ checked ☐ 39a		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	
41	Subtract line 40 from line 38	41	
42	If line 38 is over \$112,675, or you provided housing to a person displaced by Hurricane Katrina, see page 37. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d	42	
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	
44	Tax (see page 37). Check if any tax is from: ☐ Form 9814 ☐ Form 4872	44	
45	Alternative minimum tax (see page 38). Attach Form 6251	45	
46	Add lines 44 and 45	46	
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule R	49	
50	Educator expenses. Attach Form 8883	50	
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Residential energy credits. Attach Form 5695	52	
53	Child tax credit (see page 30). Attach Form 8801 if required	53	
54	Credits from: ☐ Form 8326 ☐ Form 5529 ☐ Form 8858	54	
55	Other credits: ☐ Form 3805 ☐ Form 8801 ☐ Form	55	
56	Add lines 47 through 55. These are your total credits	56	
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	

Other Taxes

58	Self-employment tax. Attach Schedule SE	58	
59	Social security and Medicare tax on income not reported to employer. Attach Form 4137	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 11	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57 through 62. This is your total tax	63	

Payments

If you have a qualifying child, attach Schedule EIC

64	Federal income tax withheld from Forms W-2 and 1099	64	
65	2000 estimated tax payments and amount applied from 2005 return	65	
66a	Earned income credit (EIC)	66a	
67	Nonrefundable combat pay election ☐ 66b	67	
68	Excess social security and tier 1 RRTA tax withheld (see page 58)	68	
69	Additional child tax credit. Attach Form 8812	69	
70	Amount paid with request for extension to file (see page 59)	70	
71	Payments from: ☐ Form 3498 ☐ Form 4136 ☐ Form 6885	71	
72	Credit for federal telephone excise tax paid. Attach Form 8813 if required	72	
73	Add lines 64, 65, 66a, and 67 through 71. These are your total payments	73	

Refund

Direct deposit? See page 68 and 69 in T4B, T4C, and T4D, or Form 8888

74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here ☐	74a	
74b	Routing number	74b	
74c	Account number	74c	
75	Amount of line 73 you want applied to your 2007 estimated tax ☐ 75	75	

Amount You Owe

76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 60	76	
77	Estimated tax penalty (see page 60)	77	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 61)? ☐ Yes. Complete the following: ☐ No

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

Sign Here

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

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

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

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ☐	Preparer's EIN or PTIN
Firm's name (for joint self-employed, address, and ZIP code)	Title	Phone no.	

SCHEDULES A&B
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Schedule A—Itemized Deductions

(Schedule B is on back)

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

OMB No. 1545-0074

2006

Attachment
Sequence No. **07**

Name(s) shown on Form 1040

Your social security number

**Medical
and
Dental
Expenses**

Caution. Do not include expenses reimbursed or paid by others.

- 1** Medical and dental expenses (see page A-2) **1**
- 2** Enter amount from Form 1040, line 38 **2**
- 3** Multiply line 2 by 7.5% (.075) **3**
- 4** Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- **4**

**Taxes You
Paid**

(See
page A-2.)

- 5** State and local income taxes **5**
- 6** Real estate taxes (see page A-5) **6**
- 7** Personal property taxes **7**
- 8** Other taxes. List type and amount ▶ **8**
- 9** Add lines 5 through 8 **9**

**Interest
You Paid**

(See
page A-5.)

- 10** Home mortgage interest and points reported to you on Form 1098 **10**
- 11** Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-6 and show that person's name, identifying no., and address ▶ **11**

Note.

Personal
interest is
not
deductible.

- 12** Points not reported to you on Form 1098. See page A-6 for special rules **12**
- 13** Investment interest. Attach Form 4952 if required. (See page A-6.) **13**
- 14** Add lines 10 through 13 **14**

**Gifts to
Charity**

If you made a
gift and got a
benefit for it,
see page A-7.

- 15** Gifts by cash or check. If you made any gift of \$250 or more, see page A-7 **15**
- 16** Other than by cash or check. If any gift of \$250 or more, see page A-7. You must attach Form 8263 if over \$500 **16**
- 17** Carryover from prior year **17**
- 18** Add lines 15 through 17 **18**

**Casualty and
Theft Losses**

- 19** Casualty or theft losses. Attach Form 4684. (See page A-8.) **19**

**Job Expenses
and Certain
Miscellaneous
Deductions**

(See
page A-8.)

- 20** Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-8.) ▶ **20**
- 21** Tax preparation fees **21**
- 22** Other expenses—investment, safe deposit box, etc. List type and amount ▶ **22**
- 23** Add lines 20 through 22 **23**
- 24** Enter amount from Form 1040, line 38 **24**
- 25** Multiply line 24 by 2% (.02) **25**
- 26** Subtract line 25 from line 23. If line 25 is more than line 23, enter -0- **26**

**Other
Miscellaneous
Deductions**

- 27** Other—from list on page A-9. List type and amount ▶ **27**

**Total
Itemized
Deductions**

- 28** Is Form 1040, line 38, over \$150,500 (over \$75,250 if married filing separately)?
☐ **No.** Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 40.
☐ **Yes.** Your deduction may be limited. See page A-9 for the amount to enter.
- 29** If you elect to itemize deductions even though they are less than your standard deduction, check here ☐ **28**

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11330X

Schedule A (Form 1040) 2006

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

Your social security number

Schedule B—Interest and Ordinary DividendsAttachment
Sequence No. **08****Part I
Interest**(See page B-1
and the
instructions for
Form 1040,
line 8a.)**Note.** If you received a Form 1099-INT, Form 1099-ORD, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

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

- 2**
- Add the amounts on line 1

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

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

Note. If line 4 is over \$1,500, you must complete Part III.**Part II
Ordinary
Dividends**(See page B-1
and the
instructions for
Form 1040,
line 9a.)**Note.** If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

- 5**
- List name of payer ▶

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

Note. If line 6 is over \$1,500, you must complete Part III.**Part III
Foreign
Accounts
and Trusts**(See
page B-2.)

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

- 7a**
- At any time during 2006, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1.

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

- 8**
- During 2006, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2.

Yes No

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule B (Form 1040) 2006

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SCHEDULES A&B
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Schedule A—Itemized Deductions

(Schedule B is on back)

OMB No. 1545-0074

2006

Attachment
Sequence No. **07**

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

Name(s) shown on Form 1040

Your social security number

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.				
1	Medical and dental expenses (see page A-2)	1			
2	Enter amount from Form 1040, line 38	2			
3	Multiply line 2 by 7.5% (.075)	3			
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4			
Taxes You Paid	5 State and local income taxes	5			
(See page A-2.)	6 Real estate taxes (see page A-5)	6			
	7 Personal property taxes	7			
	8 Other taxes. List type and amount ▶	8			
	9 Add lines 5 through 8	9			
Interest You Paid	10 Home mortgage interest and points reported to you on Form 1098	10			
(See page A-5.)	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-6 and show that person's name, identifying no., and address ▶	11			
Note. Personal interest is not deductible.	12 Points not reported to you on Form 1098. See page A-6 for special rules	12			
	13 Investment interest. Attach Form 4952 if required. (See page A-6.)	13			
	14 Add lines 10 through 13	14			
Gifts to Charity	15 Gifts by cash or check. If you made any gift of \$250 or more, see page A-7	15			
If you made a gift and got a benefit for it, see page A-7.	16 Other than by cash or check. If any gift of \$250 or more, see page A-7. You must attach Form 8263 if over \$500	16			
	17 Carryover from prior year	17			
	18 Add lines 15 through 17	18			
Casualty and Theft Losses	19 Casualty or theft losses. Attach Form 4684. (See page A-8.)	19			
Job Expenses and Certain Miscellaneous Deductions	20 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-8.) ▶	20			
(See page A-8.)	21 Tax preparation fees	21			
	22 Other expenses—investment, safe deposit box, etc. List type and amount ▶	22			
	23 Add lines 20 through 22	23			
	24 Enter amount from Form 1040, line 38	24			
	25 Multiply line 24 by 2% (.02)	25			
	26 Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26			
Other Miscellaneous Deductions	27 Other—from list on page A-9. List type and amount ▶	27			
Total Itemized Deductions	28 Is Form 1040, line 38, over \$150,500 (over \$75,250 if married filing separately)? ☐ No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 40. ☐ Yes. Your deduction may be limited. See page A-9 for the amount to enter.	28			
	29 If you elect to itemize deductions even though they are less than your standard deduction, check here ▶ ☐				

For Paperwork Reduction Act Notice, see Form 1040 Instructions.

Cat. No. 11330X

Schedule A (Form 1040) 2006

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

Your social security number

Schedule B—Interest and Ordinary DividendsAttachment
Sequence No. **08****Part I
Interest**(See page B-1
and the
instructions for
Form 1040,
line 8a.)

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

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

- 2** Add the amounts on line 1

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

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

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

**Part II
Ordinary
Dividends**(See page B-1
and the
instructions for
Form 1040,
line 9a.)

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

- 5** List name of payer ▶

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

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

**Part III
Foreign
Accounts
and Trusts**(See
page B-2.)

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

- 7a** At any time during 2006, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1.

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

- 8** During 2006, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2.

Yes No

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule B (Form 1040) 2006

Printed on recycled paper

Form **2441****Child and Dependent Care Expenses**

OMB No. 1545-0074

2006Attachment
Sequence No. **21**Department of the Treasury
Internal Revenue Service (998)

▶ Attach to Form 1040 or Form 1040NR.

▶ See separate instructions.

Name(s) shown on Form 1040

Your social security number

Before you begin: You need to understand the following terms. See **Definitions** on page 1 of the instructions.• **Dependent Care Benefits**• **Qualifying Person(s)**• **Qualified Expenses****Part I** **Persons or Organizations Who Provided the Care—You must complete this part.**
(If you need more space, use the bottom of page 2.)

1	(a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)

Did you receive
dependent care benefits?

No

Complete only Part II below.

Yes

Complete Part III on the back next.

Caution. If the care was provided in your home, you may owe employment taxes. See the instructions for Form 1040, line 62, or Form 1040NR, line 57.**Part II** **Credit for Child and Dependent Care Expenses****2** Information about your **qualifying person(s)**. If you have more than two qualifying persons, see the instructions.

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 2006 for the person listed in column (a)
First	Last		

3 Add the amounts in column (c) of line 2. **Do not** enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 33**4** Enter your **earned income**. See instructions**5** If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); **all others**, enter the amount from line 4**6** Enter the **smallest** of line 3, 4, or 5**7** Enter the amount from Form 1040, line 38, or Form 1040NR, line 38**8** Enter on line 8 the decimal amount shown below that applies to the amount on line 7

If line 7 is:

Over	But not over	Decimal amount is
\$0—15,000		.35
15,000—17,000		.34
17,000—19,000		.33
19,000—21,000		.32
21,000—23,000		.31
23,000—25,000		.30
25,000—27,000		.29
27,000—29,000		.28

If line 7 is:

Over	But not over	Decimal amount is
\$29,000—31,000		.27
31,000—33,000		.26
33,000—35,000		.25
35,000—37,000		.24
37,000—39,000		.23
39,000—41,000		.22
41,000—43,000		.21
43,000—No limit		.20

9 Multiply line 6 by the decimal amount on line 8. If you paid 2005 expenses in 2006, see the instructions**10** Enter the amount from Form 1040, line 46, minus any amount on Form 1040, line 47, or Form 1040NR, line 43, minus any amount on Form 1040NR, line 44**11** **Credit for child and dependent care expenses.** Enter the **smaller** of line 9 or line 10 here and on Form 1040, line 48, or Form 1040NR, line 45

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

Cat. No. 11952M

Form **2441** (2006)

Part III Dependent Care Benefits

12	Enter the total amount of dependent care benefits you received in 2006. Amounts you received as an employee should be shown in box 10 of your Form(s) W-2. Do not include amounts reported as wages in box 1 of Form(s) W-2. If you were self-employed or a partner, include amounts you received under a dependent care assistance program from your sole proprietorship or partnership.	12	
13	Enter the amount, if any, you carried over from 2005 and used in 2006 during the grace period. See instructions.	13	
14	Enter the amount, if any, you forfeited or carried forward to 2007. See instructions.	14	
15	Combine lines 12 through 14. See instructions.	15	
16	Enter the total amount of qualified expenses incurred in 2006 for the care of the qualifying person(s) .	16	
17	Enter the smaller of line 15 or 16.	17	
18	Enter your earned income . See instructions.	18	
19	Enter the amount shown below that applies to you. • If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions for line 5). • If married filing separately, see the instructions for the amount to enter. • All others, enter the amount from line 18.	19	
20	Enter the smallest of line 17, 18, or 19.	20	
21	Enter the amount from line 12 that you received from your sole proprietorship or partnership. If you did not receive any such amounts, enter -0-.	21	
22	Subtract line 21 from line 15.	22	
23	Enter \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 18).	23	
24	Deductible benefits. Enter the smallest of line 20, 21, or 23. Also, include this amount on the appropriate line(s) of your return. See instructions.	24	
25	Enter the smaller of line 20 or 23.	25	
26	Enter the amount from line 24.	26	
27	Excluded benefits. Subtract line 26 from line 25. If zero or less, enter -0-.	27	
28	Taxable benefits. Subtract line 27 from line 22. If zero or less, enter -0-. Also, include this amount on Form 1040, line 7, or Form 1040NR, line 8. On the dotted line next to Form 1040, line 7, or Form 1040NR, line 8, enter "DCB".	28	

To claim the child and dependent care credit, complete lines 29-33 below.

29	Enter \$3,000 (\$6,000 if two or more qualifying persons).	29	
30	Add lines 24 and 27.	30	
31	Subtract line 30 from line 29. If zero or less, stop . You cannot take the credit. Exception. If you paid 2006 expenses in 2006, see the instructions for line 9.	31	
32	Complete line 2 on the front of this form. Do not include in column (c) any benefits shown on line 30 above. Then, add the amounts in column (c) and enter the total here.	32	
33	Enter the smaller of line 31 or 32. Also, enter this amount on line 3 on the front of this form and complete lines 4-11.	33	

Form **2441** (2006)

Form **2441****Child and Dependent Care Expenses**

OMB No. 1545-0074

▶ Attach to Form 1040 or Form 1040NR.

2006Department of the Treasury
Internal Revenue Service (998)

▶ See separate instructions.

Attachment
Sequence No. **21**

Name(s) shown on Form 1040

Your social security number

Before you begin: You need to understand the following terms. See **Definitions** on page 1 of the instructions.• **Dependent Care Benefits**• **Qualifying Person(s)**• **Qualified Expenses****Part I** **Persons or Organizations Who Provided the Care—You must complete this part.**
(If you need more space, use the bottom of page 2.)

1	(a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)

Did you receive
dependent care benefits?

No

Complete only Part II below.

Yes

Complete Part III on the back next.

Caution. If the care was provided in your home, you may owe employment taxes. See the instructions for Form 1040, line 62, or Form 1040NR, line 57.**Part II** **Credit for Child and Dependent Care Expenses****2** Information about your **qualifying person(s)**. If you have more than two qualifying persons, see the instructions.

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 2006 for the person listed in column (a)
First	Last		

3 Add the amounts in column (c) of line 2. **Do not** enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 33**4** Enter your **earned income**. See instructions**5** If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); **all others**, enter the amount from line 4**6** Enter the **smallest** of line 3, 4, or 5**7** Enter the amount from Form 1040, line 38, or Form 1040NR, line 38**8** Enter on line 8 the decimal amount shown below that applies to the amount on line 7

If line 7 is:

Over	But not over	Decimal amount is
\$0—15,000		.35
15,000—17,000		.34
17,000—19,000		.33
19,000—21,000		.32
21,000—23,000		.31
23,000—25,000		.30
25,000—27,000		.29
27,000—29,000		.28

If line 7 is:

Over	But not over	Decimal amount is
\$29,000—31,000		.27
31,000—33,000		.26
33,000—35,000		.25
35,000—37,000		.24
37,000—39,000		.23
39,000—41,000		.22
41,000—43,000		.21
43,000—No limit		.20

9 Multiply line 6 by the decimal amount on line 8. If you paid 2005 expenses in 2006, see the instructions**10** Enter the amount from Form 1040, line 46, minus any amount on Form 1040, line 47, or Form 1040NR, line 43, minus any amount on Form 1040NR, line 44**11** **Credit for child and dependent care expenses.** Enter the **smaller** of line 9 or line 10 here and on Form 1040, line 48, or Form 1040NR, line 45

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

Cat. No. 11952M

Form **2441** (2006)

Part III Dependent Care Benefits

12	Enter the total amount of dependent care benefits you received in 2006. Amounts you received as an employee should be shown in box 10 of your Form(s) W-2. Do not include amounts reported as wages in box 1 of Form(s) W-2. If you were self-employed or a partner, include amounts you received under a dependent care assistance program from your sole proprietorship or partnership.	12	
13	Enter the amount, if any, you carried over from 2005 and used in 2006 during the grace period. See instructions.	13	
14	Enter the amount, if any, you forfeited or carried forward to 2007. See instructions.	14	
15	Combine lines 12 through 14. See instructions.	15	
16	Enter the total amount of qualified expenses incurred in 2006 for the care of the qualifying person(s) .	16	
17	Enter the smaller of line 15 or 16.	17	
18	Enter your earned income . See instructions.	18	
19	Enter the amount shown below that applies to you. • If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions for line 5). • If married filing separately, see the instructions for the amount to enter. • All others, enter the amount from line 18.	19	
20	Enter the smallest of line 17, 18, or 19.	20	
21	Enter the amount from line 12 that you received from your sole proprietorship or partnership. If you did not receive any such amounts, enter -0-.	21	
22	Subtract line 21 from line 15.	22	
23	Enter \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 18).	23	
24	Deductible benefits. Enter the smallest of line 20, 21, or 23. Also, include this amount on the appropriate line(s) of your return. See instructions.	24	
25	Enter the smaller of line 20 or 23.	25	
26	Enter the amount from line 24.	26	
27	Excluded benefits. Subtract line 26 from line 25. If zero or less, enter -0-.	27	
28	Taxable benefits. Subtract line 27 from line 22. If zero or less, enter -0-. Also, include this amount on Form 1040, line 7, or Form 1040NR, line 8. On the dotted line next to Form 1040, line 7, or Form 1040NR, line 8, enter "DCB".	28	

To claim the child and dependent care credit, complete lines 29-33 below.

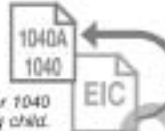
29	Enter \$3,000 (\$6,000 if two or more qualifying persons).	29	
30	Add lines 24 and 27.	30	
31	Subtract line 30 from line 29. If zero or less, stop . You cannot take the credit. Exception. If you paid 2006 expenses in 2006, see the instructions for line 9.	31	
32	Complete line 2 on the front of this form. Do not include in column (c) any benefits shown on line 30 above. Then, add the amounts in column (c) and enter the total here.	32	
33	Enter the smaller of line 31 or 32. Also, enter this amount on line 3 on the front of this form and complete lines 4-11.	33	

SCHEDULE EIC
(Form 1040A or 1040)

Department of the Treasury
Internal Revenue Service 508
Name(s) shown on return

Earned Income Credit
Qualifying Child Information

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



OMB No. 1545-0074

2006

Attachment
Sequence No. **43**

Your social security number

Before you begin: See the instructions for Form 1040A, lines 41a and 41b, or Form 1040, lines 66a and 66b, to make sure that (a) you can take the EIC, and (b) you have a qualifying child.



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

Qualifying Child Information

Child 1

Child 2

1 Child's name

If you have more than two qualifying children, you only have to list two to get the maximum credit.

First name Last name First name Last name

2 Child's SSN

The child must have an SSN as defined on page 44 of the Form 1040A instructions or page 48 of the Form 1040 instructions unless the child was born and died in 2006. If your child was born and died in 2006 and did not have an SSN, enter "Died" on this line and attach a copy of the child's birth certificate.

SSN	SSN
-----	-----

3 Child's year of birth

Year _____
If born after 1987, skip lines 4a and 4b; go to line 5.

Year _____
If born after 1987, skip lines 4a and 4b; go to line 5.

4 If the child was born before 1988—

a Was the child under age 24 at the end of 2006 and a student?

☐ **Yes.** ☐ **No.**
Go to line 5. Continue.

☐ **Yes.** ☐ **No.**
Go to line 5. Continue.

b Was the child permanently and totally disabled during any part of 2006?

☐ **Yes.** ☐ **No.**
Continue. The child is not a qualifying child.

☐ **Yes.** ☐ **No.**
Continue. The child is not a qualifying child.

5 Child's relationship to you

(for example, son, daughter, grandchild, niece, nephew, foster child, etc.)

Relationship	Relationship
--------------	--------------

6 Number of months child lived with you in the United States during 2006

- If the child lived with you for more than half of 2006 but less than 7 months, enter "7."
- If the child was born or died in 2006 and your home was the child's home for the entire time he or she was alive during 2006, enter "12."

_____ months
Do not enter more than 12 months.

_____ months
Do not enter more than 12 months.



You may also be able to take the additional child tax credit if your child: (a) was under age 17 at the end of 2006, and (b) is a U.S. citizen or resident alien. For more details, see the instructions for line 42 of Form 1040A or line 68 of Form 1040.

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

Cat. No. 13339M

Schedule EIC (Form 1040A or 1040) 2006

Purpose of Schedule

After you have figured your earned income credit (EIC), use Schedule EIC to give the IRS information about your qualifying child(ren).

To figure the amount of your credit or to have the IRS figure it for you, see the instructions for Form 1040A, lines 41a and 41b, or Form 1040, lines 66a and 66b.

Taking the EIC when not eligible. If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. You may also have to pay penalties.

Qualifying Child

A qualifying child for the EIC is a child who is your . . .

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

AND

was . . .

Under age 19 at the end of 2006

or

Under age 24 at the end of 2006 and a student

or

Any age and permanently and totally disabled

AND

who . . .

Lived with you in the United States for more than half of 2006. If the child did not live with you for the required time, see *Exception to time lived with you* on page 43 of the Form 1040A instructions or page 48 of the Form 1040 instructions.



If the child was married or meets the conditions to be a qualifying child of another person (other than your spouse if filing a joint return), special rules apply. For details, see page 44 of the Form 1040A instructions or page 48 of the Form 1040 instructions.



Do you want part of the EIC added to your take-home pay in 2007? To see if you qualify, get Form W-5 from your employer, call the IRS at 1-800-TAX-FORM (1-800-829-3676), or go to www.irs.gov.



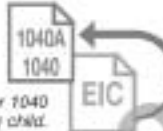
Printed on recycled paper

SCHEDULE EIC
(Form 1040A or 1040)

Department of the Treasury
Internal Revenue Service 508
Name(s) shown on return

Earned Income Credit
Qualifying Child Information

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



OMB No. 1545-0074

2006

Attachment
Sequence No. **43**

Your social security number

Before you begin: See the instructions for Form 1040A, lines 41a and 41b, or Form 1040, lines 66a and 66b, to make sure that (a) you can take the EIC, and (b) you have a qualifying child.



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

Qualifying Child Information

Child 1

Child 2

1 Child's name

If you have more than two qualifying children, you only have to list two to get the maximum credit.

First name Last name First name Last name

2 Child's SSN

The child must have an SSN as defined on page 44 of the Form 1040A instructions or page 48 of the Form 1040 instructions unless the child was born and died in 2006. If your child was born and died in 2006 and did not have an SSN, enter "Died" on this line and attach a copy of the child's birth certificate.

SSN	SSN
-----	-----

3 Child's year of birth

Year _____

If born after 1987, skip lines 4a and 4b; go to line 5.

Year _____

If born after 1987, skip lines 4a and 4b; go to line 5.

4 If the child was born before 1988—

a Was the child under age 24 at the end of 2006 and a student?

☐ Yes.

☐ No.

Go to line 5.

Continue.

☐ Yes.

☐ No.

Go to line 5.

Continue.

b Was the child permanently and totally disabled during any part of 2006?

☐ Yes.

☐ No.

Continue.

The child is not a qualifying child.

☐ Yes.

☐ No.

Continue.

The child is not a qualifying child.

5 Child's relationship to you

(for example, son, daughter, grandchild, niece, nephew, foster child, etc.)

Relationship	Relationship
--------------	--------------

6 Number of months child lived with you in the United States during 2006

- If the child lived with you for more than half of 2006 but less than 7 months, enter "7."
- If the child was born or died in 2006 and your home was the child's home for the entire time he or she was alive during 2006, enter "12."

_____ months

Do not enter more than 12 months.

_____ months

Do not enter more than 12 months.



You may also be able to take the additional child tax credit if your child: (a) was under age 17 at the end of 2006, and (b) is a U.S. citizen or resident alien. For more details, see the instructions for line 42 of Form 1040A or line 68 of Form 1040.

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

Cat. No. 13339M

Schedule EIC (Form 1040A or 1040) 2006

Purpose of Schedule

After you have figured your earned income credit (EIC), use Schedule EIC to give the IRS information about your qualifying child(ren).

To figure the amount of your credit or to have the IRS figure it for you, see the instructions for Form 1040A, lines 41a and 41b, or Form 1040, lines 66a and 66b.

Taking the EIC when not eligible. If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. You may also have to pay penalties.

Qualifying Child

A qualifying child for the EIC is a child who is your . . .

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

AND

was . . .

Under age 19 at the end of 2006

or

Under age 24 at the end of 2006 and a student

or

Any age and permanently and totally disabled

AND

who . . .

Lived with you in the United States for more than half of 2006. If the child did not live with you for the required time, see *Exception to time lived with you* on page 43 of the Form 1040A instructions or page 48 of the Form 1040 instructions.



If the child was married or meets the conditions to be a qualifying child of another person (other than your spouse if filing a joint return), special rules apply. For details, see page 44 of the Form 1040A instructions or page 48 of the Form 1040 instructions.



Do you want part of the EIC added to your take-home pay in 2007? To see if you qualify, get Form W-5 from your employer, call the IRS at 1-800-TAX-FORM (1-800-829-3676), or go to www.irs.gov.



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Worksheet A—Earned Income Credit (EIC)—Lines 66a and 66b

Keep for Your Records



Before you begin: ✓ Be sure you are using the correct worksheet. Use this worksheet only if you answered "No" to Step 5, question 3, on page 47. Otherwise, use Worksheet B that begins on page 50.

Part 1**All Filers Using Worksheet A**

1. Enter your earned income from Step 5 on page 47.

1	
---	--

2. Look up the amount on line 1 above in the EIC Table on pages 52–58 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.

2	
---	--

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

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

3	
---	--

4. Are the amounts on lines 3 and 1 the same?

☐ **Yes.** Skip line 5; enter the amount from line 2 on line 6.

☐ **No.** Go to line 5.
Part 2**Filers Who Answered "No" on Line 4**

5. If you have:

- No qualifying children, is the amount on line 3 less than \$6,750 (\$8,750 if married filing jointly)?
- 1 or more qualifying children, is the amount on line 3 less than \$14,850 (\$16,850 if married filing jointly)?

☐ **Yes.** Leave line 5 blank; enter the amount from line 2 on line 6.

☐ **No.** Look up the amount on line 3 in the EIC Table on pages 52–58 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.

Look at the amounts on lines 3 and 2.
Then, enter the smaller amount on line 6.

5	
---	--

Part 3**Your Earned Income Credit**

6. This is your earned income credit.

6	
---	--

Enter this amount on
Form 1040, line 66a.

Reminder—

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



If your EIC for a year after 1995 was reduced or disallowed, see page 48 to find out if you must file Form 8862 to take the credit for 2006.

Need more information or forms? See page 7.

- 50 -

Worksheet B—Earned Income Credit (EIC)—Lines 66a and 66b

Keep for Your Records



Use this worksheet if you answered "Yes" to Step 5, question 3, on page 47.

- ✓ Complete the parts below (Parts 1 through 3) that apply to you. Then, continue to Part 4.
 ✓ If you are married filing a joint return, include your spouse's amounts, if any, with yours to figure the amounts to enter in Parts 1 through 3.

Part 1**Self-Employed,
Members of the
Clergy, and
People With
Church Employee
Income Filing
Schedule SE**1a. Enter the amount from Schedule SE, Section A, line 3, or
Section B, line 3, whichever applies.

1a

1b. Enter any amount from Schedule SE, Section B, line 4b, and line 5a.

+

1b

1c. Combine lines 1a and 1b.

=

1c

1d. Enter the amount from Schedule SE, Section A, line 6, or
Section B, line 13, whichever applies.

-

1d

1e. Subtract line 1d from 1c.

-

1e

Part 2**Self-Employed
NOT Required
To File
Schedule SE**For example, your
net earnings from
self-employment
were less than \$400.2. Do not include on these lines any statutory employee income, any net profit from services performed
as a notary public, or any amount exempt from self-employment tax as the result of the filing and
approval of Form 4029 or Form 4361.2a. Enter any net firm profit or (loss) from Schedule F, line 36, and from
farm partnerships, Schedule K-1 (Form 1065), box 14, code A*.

2a

2b. Enter any net profit or (loss) from Schedule C, line 31; Schedule C-EZ,
line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming);
and Schedule K-1 (Form 1065-B), box 9, code K1*.

+

2b

2c. Combine lines 2a and 2b.

=

2c

*Reduce any Schedule K-1 amounts by any partnership section 179 expense deduction claimed,
unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties. If you
have any Schedule K-1 amounts, complete the appropriate line(s) of Schedule SE, Section A. Put your
name and social security number on Schedule SE and attach it to your return.

Part 3**Statutory Employees
Filing Schedule
C or C-EZ**3. Enter the amount from Schedule C, line 1, or Schedule C-EZ, line 1, that
you are filing as a statutory employee.

3

Part 4**All Filers Using
Worksheet B**

Note. If line 4b
includes income on
which you should
have paid self-
employment tax but
did not, we may
reduce your credit by
the amount of
self-employment tax
not paid.

4a. Enter your earned income from Step 5 on page 47.

4a

4b. Combine lines 1c, 2c, 3, and 4a. This is your total earned income.

4b

If line 4b is zero or less, **STOP** You cannot take the credit. Put "No" on the dotted line next to line 66a.

5. If you have:

- 2 or more qualifying children, is line 4b less than \$36,348 (\$38,348 if married filing jointly)?
- 1 qualifying child, is line 4b less than \$32,001 (\$34,001 if married filing jointly)?
- No qualifying children, is line 4b less than \$12,120 (\$14,120 if married filing jointly)?

☐ **Yes.** If you want the IRS to figure your credit, see page 48. If you want to
figure the credit yourself, enter the amount from line 4b on line 6 (page 51).

☐ **No.** **STOP** You cannot take the credit. Put "No" on the dotted line next to line 66a.

Worksheet B—Continued from page 50

Keep for Your Records

**Part 5****All Filers Using Worksheet B**

6. Enter your total earned income from Part 4, line 4b, on page 50.

6	
---	--

7. Look up the amount on line 6 above in the EIC Table on pages 52–58 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.

7	
---	--

If line 7 is zero,  You cannot take the credit. Put "No" on the dotted line next to line 6a.

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

8	
---	--

9. Are the amounts on lines 8 and 6 the same?

- ☐
- Yes.**
- Skip line 10; enter the amount from line 7 on line 11.
-
- ☐
- No.**
- Go to line 10.

Part 6**Filers Who Answered "No" on Line 9**

10. If you have:

- No qualifying children, is the amount on line 8 less than \$6,750 (\$8,750 if married filing jointly)?
- 1 or more qualifying children, is the amount on line 8 less than \$14,850 (\$16,850 if married filing jointly)?

☐ **Yes.** Leave line 10 blank; enter the amount from line 7 on line 11.☐ **No.** Look up the amount on line 8 in the EIC Table on pages 52–58 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here. Look at the amounts on lines 10 and 7. Then, enter the smaller amount on line 11.

10	
----	--

Part 7**Your Earned Income Credit**

11. This is your earned income credit.

11	
----	--

Reminder—

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



If your EIC for a year after 1996 was reduced or disallowed, see page 48 to find out if you must file Form 8862 to take the credit for 2006.

Line 53—Child Tax Credit

Three Steps To Take the Child Tax Credit!

- Step 1.** Make sure you have a qualifying child for the child tax credit (see the instructions for line 5c).
- Step 2.** Make sure that for each qualifying child you either checked the box on Form 1040, line 5c, column (4), or completed Form 8901 (if the child is not your dependent).
- Step 3.** Answer the questions on this page to see if you can use the worksheet on page 43 to figure your credit or if you must use Pub. 972. If you need Pub. 972, see page 7.

Questions

Who Must Use Pub. 972



1. Is the amount on Form 1040, line 38, more than the amount shown below for your filing status?
- Married filing jointly – \$110,000
 - Single, head of household, or qualifying widow(er) – \$75,000
 - Married filing separately – \$55,000
- ☐ **Yes.** You must use Pub. 972 to figure your credit.
- ☐ **No.** Go to question 2.

2. Are you claiming any of the following credit?
- Residential energy efficient property credit, Form 5695, Part II.
 - Adoption credit, Form 8839.
 - Mortgage interest credit, Form 8396.
 - District of Columbia first-time homebuyer credit, Form 8859.

☐ **Yes.**

You must use Pub. 972 to figure your child tax credit. You will also need the form(s) listed above for any credit(s) you are claiming.

☐ **No.** Continue

3. Are you excluding income from Puerto Rico or are you filing any of the following forms?
- Form 2555 or 2555-EZ (relating to foreign earned income).
 - Form 4563 (exclusion of income for residents of American Samoa).
- ☐ **Yes.** You must use Pub. 972 to figure your credit.
- ☐ **No.** Use the worksheet on page 43 to figure your credit.

Child Tax Credit Worksheet—Line 53

Keep for Your Records



- To be a qualifying child for the child tax credit, the child must be **under age 17** at the end of 2006 and meet the other requirements listed on page 19.
- Do not** use this worksheet if you answered "Yes" to question 1, 2, or 3 on page 41. Instead, use Pub. 972.

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

1

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

2

3. Add the amounts from Form 1040:

Line 47 _____

Line 48 + _____

Line 49 + _____

Line 50 + _____

Line 51 + _____

Line 52 + _____ Enter the total.

3

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

☐ **Yes.** **STOP**

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

☐ **No.** Subtract line 3 from line 2.

4

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

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

☐ **No.** Enter the amount from line 1.

This is your child tax credit.

5

Enter this amount on Form 1040, line 53.

TIP

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

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



Line 53—Child Tax Credit

Three Steps To Take the Child Tax Credit!

- Step 1.** Make sure you have a qualifying child for the child tax credit (see the instructions for line 5c).
- Step 2.** Make sure that for each qualifying child you either checked the box on Form 1040, line 5c, column (4), or completed Form 8901 (if the child is not your dependent).
- Step 3.** Answer the questions on this page to see if you can use the worksheet on page 43 to figure your credit or if you must use Pub. 972. If you need Pub. 972, see page 7.

Questions

Who Must Use Pub. 972



1. Is the amount on Form 1040, line 38, more than the amount shown below for your filing status?
- Married filing jointly – \$110,000
 - Single, head of household, or qualifying widow(er) – \$75,000
 - Married filing separately – \$55,000
- ☐ **Yes.** You must use Pub. 972 to figure your credit.
- ☐ **No.** Go to question 2.

2. Are you claiming any of the following credit?
- Residential energy efficient property credit, Form 5695, Part II.
 - Adoption credit, Form 8839.
 - Mortgage interest credit, Form 8396.
 - District of Columbia first-time homebuyer credit, Form 8859.

☐ **Yes.**

You must use Pub. 972 to figure your child tax credit. You will also need the form(s) listed above for any credit(s) you are claiming.

☐ **No.** Continue

3. Are you excluding income from Puerto Rico or are you filing any of the following forms?
- Form 2555 or 2555-EZ (relating to foreign earned income).
 - Form 4563 (exclusion of income for residents of American Samoa).
- ☐ **Yes.** You must use Pub. 972 to figure your credit.
- ☐ **No.** Use the worksheet on page 43 to figure your credit.

Child Tax Credit Worksheet—Line 53

Keep for Your Records



- To be a qualifying child for the child tax credit, the child must be **under age 17** at the end of 2006 and meet the other requirements listed on page 19.
- Do not** use this worksheet if you answered "Yes" to question 1, 2, or 3 on page 41. Instead, use Pub. 972.

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

1

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

2

3. Add the amounts from Form 1040:

Line 47 _____

Line 48 + _____

Line 49 + _____

Line 50 + _____

Line 51 + _____

Line 52 + _____ Enter the total.

3

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

☐ **Yes.** **STOP**

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

☐ **No.** Subtract line 3 from line 2.

4

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

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

☐ **No.** Enter the amount from line 1.

This is your child tax credit.

5

Enter this amount on Form 1040, line 53.

TIP

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

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



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

Department of the Treasury
Internal Revenue Service

Name of proprietor

Net Profit From Business

(Sole Proprietorship)

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

CMBI No. 1548-0074

2006

Attachment
Sequence No. **09A**

Social security number (SSN)

Part I General Information

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

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

And You:

- Had no employees during the year.
- Are not required to file **Form 4562**, Depreciation and Amortization, for this business. See the instructions for Schedule C, line 13, on page C-4 to find out if you must file.
- Do not deduct expenses for business use of your home.
- Do not have prior year unallowed passive activity losses from this business.

A Principal business or profession, including product or service

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

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

D Employer ID number (EIN), if any

E Business address (including suite or room no.). Address not required if same as on Form 1040, page 1.

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

Part II Figure Your Net Profit

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

1		
2		
3		

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

4 When did you place your vehicle in service for business purposes? (month, day, year) ► / /

5 Of the total number of miles you drove your vehicle during 2006, enter the number of miles you used your vehicle for:

a Business **b** Commuting (see instructions) **c** Other

6 Do you (or your spouse) have another vehicle available for personal use? ☐ **Yes** ☐ **No**

7 Was your vehicle available for personal use during off-duty hours? ☐ **Yes** ☐ **No**

8a Do you have evidence to support your deduction? ☐ **Yes** ☐ **No**

b If "Yes," is the evidence written? ☐ **Yes** ☐ **No**

For Paperwork Reduction Act Notice, see page 2.

Cat. No. 14374D

Schedule C-EZ (Form 1040) 2006

Instructions

You can use Schedule C-EZ instead of Schedule C if you operated a business or practiced a profession as a sole proprietorship or you were a statutory employee and you have met all the requirements listed in Schedule C-EZ, Part I.

Line A

Describe the business or professional activity that provided your principal source of income reported on line 1. Give the general field or activity and the type of product or service.

Line B

Enter the six-digit code that identifies your principal business or professional activity. See pages C-8 through C-10 of the instructions for Schedule C for the list of codes.

Line D

You need an employer identification number (EIN) only if you had a qualified retirement plan or were required to file an employment, excise, estate, trust, or alcohol, tobacco, and firearms tax return. If you need an EIN, see the instructions for Form SS-4. If you do not have an EIN, leave line D blank. Do not enter your SSN.

Line E

Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any.

Line 1

Enter gross receipts from your trade or business. Include amounts you received in your trade or business that were properly shown on Forms 1099-MISC. If the total amounts that were reported in box 7 of Forms 1099-MISC are more than the total you are reporting on line 1, attach a statement explaining the difference. You must show all items of taxable income actually or constructively received during the year (in cash, property, or services). Income is constructively received when it is credited to your account or set aside for you to use. Do not offset this amount by any losses.

Line 2

Enter the total amount of all deductible business expenses you actually paid during the year. Examples of these expenses include advertising, car and truck expenses, commissions and fees, insurance, interest, legal and professional services, office expense, rent or lease expenses, repairs and maintenance, supplies, taxes, travel, the allowable percentage of business meals and entertainment,

and utilities (including telephone). For details, see the instructions for Schedule C, Parts II and V, on pages C-3 through C-7. If you wish, you can use the optional worksheet below to record your expenses. Enter on lines **b** through **g** the type and amount of expenses not included on line **a**.

If you claim car or truck expenses, be sure to complete Schedule C-EZ, Part III.

Line 5b

Generally, commuting is travel between your home and a work location. If you converted your vehicle during the year from personal to business use (or vice versa), enter your commuting miles only for the period you drove your vehicle for business. For information on certain travel that is considered a business expense rather than commuting, see the instructions for Form 2106.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is approved under OMB control number 1545-1973 and is shown below.

Recordkeeping	45 min.
Learning about the law or the form	4 min.
Preparing the form	35 min.
Copying, assembling, and sending the form to the IRS	20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Optional Worksheet for Line 2 (keep a copy for your records)

a	Deductible business meals and entertainment (see page C-5)	a	
b		b	
c		c	
d		d	
e		e	
f		f	
g		g	
h	Total. Add lines a through g. Enter here and on line 2	h	



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Schedule C-EZ (Form 1040) 2006

**SCHEDULE D
(Form 1040)**Department of the Treasury
Internal Revenue Service (99)
Name(s) shown on Form 1040**Capital Gains and Losses**▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 to list additional transactions for lines 1 and 3.

OMB No. 1545-0074

2006Attachment
Sequence No. **12**

Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-6 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2	2				
3 Total short-term sales price amounts. Add lines 1 and 2 in column (d)	3				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4				
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5				
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet on page D-6 of the instructions	6				()
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f)	7				

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-6 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
8					
9 Enter your long-term totals, if any, from Schedule D-1, line 9	9				
10 Total long-term sales price amounts. Add lines 8 and 9 in column (d)	10				
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11				
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12				
13 Capital gain distributions. See page D-1 of the instructions	13				
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet on page D-6 of the instructions	14				()
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on the back	15				

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11338H

Schedule D (Form 1040) 2005

Part III Summary

16 Combine lines 7 and 15 and enter the result. If line 16 is a loss, skip lines 17 through 20, and go to line 21. If a gain, enter the gain on Form 1040, line 13, and then go to line 17 below.

16

17 Are lines 15 and 16 both gains?

☐ **Yes.** Go to line 18.

☐ **No.** Skip lines 18 through 21, and go to line 22.

18 Enter the amount, if any, from line 7 of the **28% Rate Gain Worksheet** on page D-7 of the instructions.

18

19 Enter the amount, if any, from line 18 of the **Unrecaptured Section 1250 Gain Worksheet** on page D-8 of the instructions.

19

20 Are lines 18 and 19 both zero or blank?

☐ **Yes.** Complete Form 1040 through line 43, and then complete the **Qualified Dividends and Capital Gain Tax Worksheet** on page 38 of the instructions for Form 1040. Do not complete lines 21 and 22 below.

☐ **No.** Complete Form 1040 through line 43, and then complete the **Schedule D Tax Worksheet** on page D-9 of the instructions. Do not complete lines 21 and 22 below.

21 If line 16 is a loss, enter here and on Form 1040, line 13, the **smaller** of:

- The loss on line 16 or
- (\$3,000), or if married filing separately, (\$1,500)

21

Note. When figuring which amount is smaller, treat both amounts as positive numbers.

22 Do you have qualified dividends on Form 1040, line 9b?

☐ **Yes.** Complete Form 1040 through line 43, and then complete the **Qualified Dividends and Capital Gain Tax Worksheet** on page 38 of the instructions for Form 1040.

☐ **No.** Complete the rest of Form 1040.

Schedule D (Form 1040) 2006



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SCHEDULE E
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Supplemental Income and Loss

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

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

OMB No. 1545-0074

2006

Attachment
Sequence No. **13**

Name(s) shown on return

Your social security number

Part I **Income or Loss From Rental Real Estate and Royalties** **Note.** If you are in the business of renting personal property, use **Schedule C or C-EZ** (see page E-3). Report farm rental income or loss from **Form 4035** on page 2, line 40.

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

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

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

Cat. No. 11344L

Schedule E (Form 1040) 2006

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

Your social security number

Caution. The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.**Part II Income or Loss From Partnerships and S Corporations** *Note.* If you report a loss from an at-risk activity for which **any** amount is not at risk, you must check the box in column (e) on line 28 and attach Form 6198. See page E-1.**27** Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? ☐ Yes ☐ No
If you answered "Yes," see page E-6 before completing this section.

	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A			☐		☐
B			☐		☐
C			☐		☐
D			☐		☐

Passive Income and Loss		Nonpassive Income and Loss	
(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562
A			
B			
C			
D			
29a Totals			
b Totals			
30 Add columns (g) and (i) of line 29a			30
31 Add columns (f), (h), and (i) of line 29b			31 ()
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below			32

Part III Income or Loss From Estates and Trusts

(a) Name	(b) Employer identification number
A	
B	

Passive Income and Loss		Nonpassive Income and Loss	
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1
A			
B			
34a Totals			
b Totals			
35 Add columns (d) and (f) of line 34a			35
36 Add columns (c) and (e) of line 34b			36 ()
37 Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below			37

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)—Residual Holder

(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see page E-6)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
38				
39 Combine columns (c) and (e) only. Enter the result here and include in the total on line 41 below				39

Part V Summary

40 Net farm rental income or (loss) from Form 4835. Also, complete line 42 below	40	
41 Total income or (loss). Combine lines 26, 32, 37, 38, and 40. Enter the result here and on Form 1040, line 17	41	
42 Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code N; and Schedule K-1 (Form 1041), line 14, code F (see page E-7)	42	
43 Reconciliation for real estate professionals. If you were a real estate professional (see page E-1), enter the net income or (loss) you reported anywhere on Form 1040 or Form 1040NR from all rental real estate activities in which you materially participated under the passive activity loss rules	43	



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Schedule E (Form 1040) 2006

SCHEDULE SE
(Form 1040)

Department of the Treasury
Internal Revenue Service (999)

Self-Employment Tax

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

OMB No. 1545-0074

2006

Attachment
Sequence No. **17**

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

Social security number of person
with self-employment income ▶

Who Must File Schedule SE

You must file Schedule SE if:

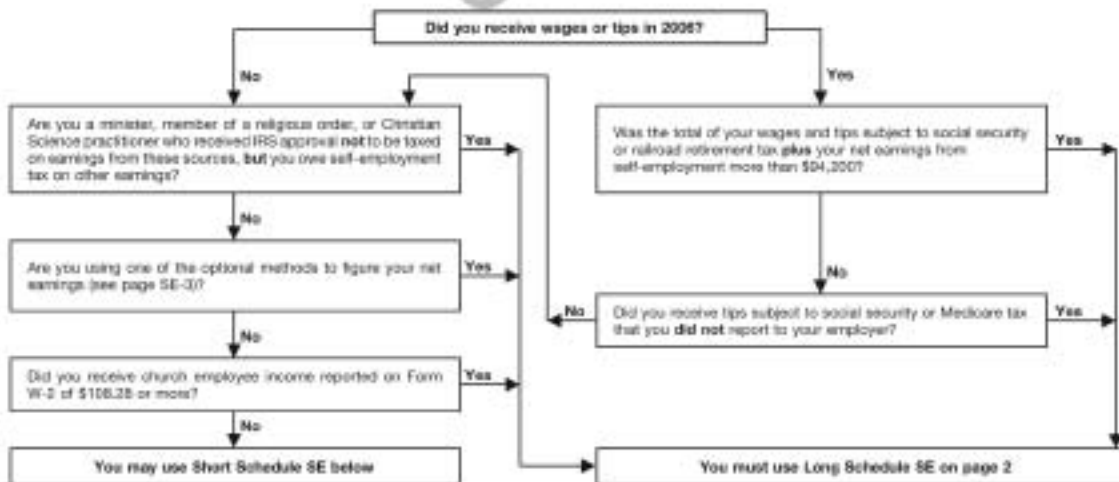
- You had net earnings from self-employment from **other than** church employee income (line 4 of Short Schedule SE or line 4c of Long Schedule SE) of \$400 or more, **or**
- You had church employee income of \$108.28 or more, income from services you performed as a minister or a member of a religious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

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

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

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

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



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

1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1	
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code K1. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report	2	
3	Combine lines 1 and 2	3	
4	Net earnings from self-employment. Multiply line 3 by 92.35% (.9235). If less than \$400, do not file this schedule; you do not owe self-employment tax ▶	4	
5	Self-employment tax. If the amount on line 4 is: • \$94,200 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 58. • More than \$94,200, multiply line 4 by 2.9% (.029). Then, add \$11,680.80 to the result. Enter the total here and on Form 1040, line 58.	5	
6	Deduction for one-half of self-employment tax. Multiply line 5 by 50% (.5). Enter the result here and on Form 1040, line 27	6	

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11358Z

Schedule SE (Form 1040) 2006

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

Social security number of person
with self-employment income ▶**Section B—Long Schedule SE****Part I Self-Employment Tax**

Note. If your only income subject to self-employment tax is **church employee income**, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is **not** church employee income. See page SE-1.

A If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I. ☐			
1 Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A. Note. Skip this line if you use the farm optional method (see page SE-4).		1	
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code K1. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report. Note. Skip this line if you use the nonfarm optional method (see page SE-4).		2	
3 Combine lines 1 and 2		3	
4a If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3		4a	
b If you elect one or both of the optional methods, enter the total of lines 15 and 17 here		4b	
c Combine lines 4a and 4b. If less than \$400, stop; you do not owe self-employment tax. Exception. If less than \$400 and you had church employee income, enter -0- and continue.		4c	
5a Enter your church employee income from Form W-2. See page SE-1 for definition of church employee income	5a		
b Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-		5b	
6 Net earnings from self-employment. Add lines 4c and 5b		6	
7 Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2006		7	94,200 00
8a Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$94,200 or more, skip lines 8b through 10, and go to line 11	8a		
b Unreported tips subject to social security tax (from Form 4137, line 9)	8b		
c Add lines 8a and 8b		8c	
9 Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11		9	
10 Multiply the smaller of line 6 or line 9 by 12.4% (.124)		10	
11 Multiply line 6 by 2.9% (.029)		11	
12 Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 58		12	
13 Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 27	13		

Part II Optional Methods To Figure Net Earnings (see page SE-3)

Farm Optional Method. You may use this method only if (a) your gross farm income¹ was not more than \$2,400, or (b) your net farm profits² were less than \$1,733.

14 Maximum income for optional methods	14	1,600 00
15 Enter the smaller of: two-thirds (⅔) of gross farm income ¹ (not less than zero) or \$1,600. Also include this amount on line 4b above	15	

Nonfarm Optional Method. You may use this method only if (a) your net nonfarm profits³ were less than \$1,733 and also less than 72.189% of your gross nonfarm income,⁴ and (b) you had net earnings from self-employment of at least \$400 in 2 of the prior 3 years.

Caution. You may use this method no more than five times.

16 Subtract line 15 from line 14	16	
17 Enter the smaller of: two-thirds (⅔) of gross nonfarm income ⁴ (not less than zero) or the amount on line 16. Also include this amount on line 4b above	17	

¹From Sch. F, line 11, and Sch. K-1 (Form 1065), box 14, code B.

²From Sch. F, line 36, and Sch. K-1 (Form 1065), box 14, code A.

³From Sch. C, line 31; Sch. C-EZ, line 3; Sch. K-1 (Form 1065), box 14, code A; and Sch. K-1 (Form 1065-B), box 9, code K1.

⁴From Sch. C, line 7; Sch. C-EZ, line 1; Sch. K-1 (Form 1065), box 14, code C; and Sch. K-1 (Form 1065-B), box 9, code K2.



Qualified Dividends and Capital Gain Tax Worksheet—Line 44

Keep for Your Records

**Before you begin:**

- ✓ See the instructions for line 44 that begin on page 36 to see if you can use this worksheet to figure your tax.
- ✓ If you do not have to file Schedule D and you received capital gain distributions, be sure you checked the box on line 13 of Form 1040.

1. Enter the amount from Form 1040, line 43	1.	
2. Enter the amount from Form 1040, line 9b	2.	
3. Are you filing Schedule D?		
☐ Yes. Enter the smaller of line 15 or 16 of Schedule D. If either line 15 or line 16 is a loss, enter -0-	3.	
☐ No. Enter the amount from Form 1040, line 13	4.	
4. Add lines 2 and 3	4.	
5. If you are claiming investment interest expense on Form 4952, enter the amount from line 4g of that form. Otherwise, enter -0-	5.	
6. Subtract line 5 from line 4. If zero or less, enter -0-	6.	
7. Subtract line 6 from line 3. If zero or less, enter -0-	7.	
8. Enter the smaller of:		
• The amount on line 1, or		
• \$30,650 if single or married filing separately,		
\$61,300 if married filing jointly or qualifying widow(er),		
\$41,050 if head of household	8.	
9. Is the amount on line 7 equal to or more than the amount on line 8?		
☐ Yes. Skip lines 9 through 11; go to line 12 and check the "No" box.	9.	
☐ No. Enter the amount from line 7	10.	
10. Subtract line 9 from line 8	10.	
11. Multiply line 10 by 5% (.05)	11.	
12. Are the amounts on lines 6 and 10 the same?		
☐ Yes. Skip lines 12 through 15; go to line 16.	12.	
☐ No. Enter the smaller of line 1 or line 6	13.	
13. Enter the amount from line 10 (if line 10 is blank, enter -0-)	13.	
14. Subtract line 13 from line 12	14.	
15. Multiply line 14 by 15% (.15)	15.	
16. Figure the tax on the amount on line 7. Use the Tax Table or Tax Computation Worksheet, whichever applies	16.	
17. Add lines 11, 15, and 16	17.	
18. Figure the tax on the amount on line 1. Use the Tax Table or Tax Computation Worksheet, whichever applies	18.	
19. Tax on all taxable income. Enter the smaller of line 17 or line 18. Also include this amount on Form 1040, line 44	19.	

Need more information or forms? See page 7.

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Simplified Method Worksheet—Lines 16a and 16b

Keep for Your Records



Before you begin: If you are the beneficiary of a deceased employee or former employee who died **before August 21, 1996**, include any death benefit exclusion that you are entitled to (up to \$5,000) in the amount entered on line 2 below.
Note. If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 15b. Enter the total pension or annuity payments received in 2006 on Form 1040, line 15a.

1. Enter the total pension or annuity payments received in 2006. Also, enter this amount on Form 1040, line 15a.....	1.	
2. Enter your cost at the plan at the annuity starting date.....	2.	
Note. If you completed this worksheet last year, skip line 2 and enter the amount from line 4 of last year's worksheet on line 4 below (even if the amount of your pension or annuity has changed). Otherwise, go to line 3.		
3. Enter the appropriate number from Table 1 below. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, enter the appropriate number from Table 2 below.....	3.	
4. Divide line 2 by the number on line 3.....	4.	
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was before 1997 , skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6.....	5.	
6. Enter the amount, if any, recovered tax free in years after 1980.....	6.	
7. Subtract line 6 from line 5.....	7.	
8. Enter the smaller of line 5 or line 7.....	8.	
9. Taxable amount. Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040, line 15b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R.....	9.	
10. Was your annuity starting date before 1987?		
☐ Yes. Enter line 10 (b)(6).		
☐ No. Add line 8 and 9. This is the amount you have recovered tax free through 2006. You will need this number when you fill out this worksheet next year.		
10.		

Table 1 for Line 3 Above

If the age at annuity starting date (see page 26) was . . .

55 or under
 56–59
 60–64
 65–69
 70 or older

before November 19, 1946,
 enter on line 3 . . .

100
 200
 240
 170
 120

AND your annuity starting date was—
 after November 18, 1946,
 enter on line 3 . . .

180
 310
 280
 210
 160

Table 2 for Line 3 Above

If the combined ages at annuity starting date (see page 26) were . . .

110 or under
 111–120
 121–130
 131–140
 141 or older

THEN enter on line 3 . . .

410
 360
 310
 260
 210

Social Security Benefits Worksheet—Lines 20a and 20b

Keep for Your Records

**Before you begin:**

- ✓ Complete Form 1040, lines 21, 23 through 32, and 34 if they apply to you.
- ✓ Figure any write-in adjustments to be entered on the dotted line next to line 36 (see the instructions for line 36 on page 34).
- ✓ If you are married filing separately and you lived apart from your spouse for all of 2006, enter "D" to the right of the word "benefits" on line 20a.
- ✓ Be sure you have read the **Exception** on page 27 to see if you can use this worksheet instead of a publication to find out if any of your benefits are taxable.

1. Enter the total amount from box 5 of all your Forms SSA-1099 and Forms RRB-1099. Also, enter this amount on Form 1040, line 20a	1.	
2. Enter one-half of line 1	2.	
3. Enter the total of the amounts from Form 1040, lines 7, 8a, 9a, 10 through 14, 15b, 16b, 17 through 19, and 21	3.	
4. Enter the amount, if any, from Form 1040, line 8b	4.	
5. Add lines 2, 3, and 4	5.	
6. Enter the total of the amounts from Form 1040, lines 23 through 32, line 34, and any write-in adjustments you entered on the dotted line next to line 36	6.	
7. Is the amount on line 6 less than the amount on line 5?		
☐ No. None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b.		
☐ Yes. Subtract line 6 from line 5	7.	
8. If you are:		
• Married filing jointly, enter \$32,000		
• Single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2006, enter \$25,000		
• Married filing separately and you lived with your spouse at any time in 2006, skip lines 8 through 15; multiply line 7 by 85% (.85) and enter the result on line 16. Then go to line 17	8.	
9. Is the amount on line 8 less than the amount on line 7?		
☐ No. None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b. If you are married filing separately and you lived apart from your spouse for all of 2006, be sure you entered "D" to the right of the word "benefits" on line 20a.		
☐ Yes. Subtract line 8 from line 7	9.	
10. Enter \$12,000 if married filing jointly, \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2006	10.	
11. Subtract line 10 from line 9. If zero or less, enter -0-	11.	
12. Enter the smaller of line 9 or line 10	12.	
13. Enter one-half of line 12	13.	
14. Enter the smaller of line 2 or line 13	14.	
15. Multiply line 11 by 85% (.85). If line 11 is zero, enter -0-	15.	
16. Add lines 14 and 15	16.	
17. Multiply line 1 by 85% (.85)	17.	
18. Taxable social security benefits. Enter the smaller of line 16 or line 17. Also enter this amount on Form 1040, line 20b	18.	



TIP If any of your benefits are taxable for 2006 and they include a lump-sum benefit payment that was for an earlier year, you may be able to reduce the taxable amount. See Pub. 915 for details.

Need more information or forms? See page 7.

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Form 1116

Department of the Treasury
Internal Revenue Service (999)

Foreign Tax Credit (Individual, Estate, or Trust)

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

OMB No. 1545-0121

2006

Attachment
Sequence No. **19**

Name

Identifying number as shown on page 1 of your tax return

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

- | | | |
|--|---|--|
| ☐ a Passive income | ☐ d Shipping income | ☐ g Lump-sum distributions |
| ☐ b High withholding tax interest | ☐ e Dividends from a DISC or former DISC | ☐ h Section 501(c) income |
| ☐ c Financial services income | ☐ f Certain distributions from a foreign sales corporation (FSC) or former FSC | ☐ i Certain income re-sourced by treaty |
| | | ☐ j General limitation income |

k Resident of (name of country) ►

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

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

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

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

Country	Credit is claimed for taxes (you must check one) (m) ☐ Paid (n) ☐ Accrued	Foreign taxes paid or accrued						(k) Total foreign taxes paid or accrued (add cols. (l) through (j))
		In foreign currency			In U.S. dollars			
		(j) Dividends	(k) Rents and royalties	(l) Interest	(m) Dividends	(n) Rents and royalties	(o) Interest	
A								
B								
C								
8 Add lines A through C, column (k). Enter the total here and on line 9, page 2								8

For Paperwork Reduction Act Notice, see page 18 of the instructions.

Cat. No. 11440J

Form **1116** (2005)

Part III Figuring the Credit

9	Enter the amount from line 8. These are your total foreign taxes paid or accrued for the category of income checked above Part I	9	
10	Carryback or carryover (attach detailed computation)	10	
11	Add lines 9 and 10.	11	
12	Reduction in foreign taxes (see page 15 of the instructions).	12	
13	Subtract line 12 from line 11. This is the total amount of foreign taxes available for credit	13	
14	Enter the amount from line 7. This is your taxable income or (loss) from sources outside the United States (before adjustments) for the category of income checked above Part I (see page 15 of the instructions)	14	
15	Adjustments to line 14 (see page 16 of the instructions)	15	
16	Combine the amounts on lines 14 and 15. This is your net foreign source taxable income. (If the result is zero or less, you have no foreign tax credit for the category of income you checked above Part I. Skip lines 17 through 21. However, if you are filing more than one Form 1116, you must complete line 19.)	16	
17	Individuals: Enter the amount from Form 1040, line 41 (minus any amount on Form 8914, line 2). If you are a nonresident alien, enter the amount from Form 1040NR, line 38 (minus any amount on Form 8914, line 2). Estates and trusts: Enter your taxable income without the deduction for your exemption	17	
Caution: If you figured your tax using the lower rates on qualified dividends or capital gains, see page 17 of the instructions.			
18	Divide line 16 by line 17. If line 16 is more than line 17, enter "1"	18	
19	Individuals: Enter the amount from Form 1040, line 44. If you are a nonresident alien, enter the amount from Form 1040NR, line 41. Estates and trusts: Enter the amount from Form 1041, Schedule G, line 1a, or the total of Form 990-T, lines 36 and 37	19	
Caution: If you are completing line 19 for separate category g (lump-sum distributions), see page 18 of the instructions.			
20	Multiply line 19 by line 18 (maximum amount of credit)	20	
21	Enter the smaller of line 13 or line 20. If this is the only Form 1116 you are filing, skip lines 22 through 30 and enter this amount on line 31. Otherwise, complete the appropriate line in Part IV (see page 18 of the instructions)	21	

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

22	Credit for taxes on passive income	22	
23	Credit for taxes on high withholding tax interest	23	
24	Credit for taxes on financial services income	24	
25	Credit for taxes on shipping income	25	
26	Credit for taxes on dividends from a DISC or former DISC and certain distributions from a FSC or former FSC	26	
27	Credit for taxes on lump-sum distributions	27	
28	Credit for taxes on certain income re-sourced by treaty	28	
29	Credit for taxes on general limitation income	29	
30	Add lines 22 through 29	30	
31	Enter the smaller of line 19 or line 30	31	
32	Reduction of credit for international boycott operations. See instructions for line 12 on page 15	32	
33	Subtract line 32 from line 31. This is your foreign tax credit . Enter here and on Form 1040, line 47; Form 1040NR, line 44; Form 1041, Schedule G, line 2a; or Form 990-T, line 48a	33	

Form **1116** (2006)

Printed on recycled paper

Foreign Earned Income

▶ See separate instructions. ▶ Attach to Form 1040.

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

Name shown on Form 1040

Your social security number

Part I General Information

1 Your foreign address (including country)

2 Your occupation

3 Employer's name ▶

4a Employer's U.S. address ▶

b Employer's foreign address ▶

5 Employer is (check) ☐ a A foreign entity ☐ b A U.S. company ☐ c Self
any that apply: ☐ d A foreign affiliate of a U.S. company ☐ e Other (specify) ▶

6a If, after 1981, you filed Form 2555 or Form 2555-EZ, enter the last year you filed the form. ▶

b If you did not file Form 2555 or 2555-EZ after 1981 to claim either of the exclusions, check here ☐ and go to line 7.

c Have you ever revoked either of the exclusions? ☐ Yes ☐ No

d If you answered "Yes," enter the type of exclusion and the tax year for which the revocation was effective. ▶

7 Of what country are you a citizen/national? ▶

8a Did you maintain a separate foreign residence for your family because of adverse living conditions at your tax home? See **Second foreign household** on page 3 of the instructions. ☐ Yes ☐ No

b If "Yes," enter city and country of the separate foreign residence. Also, enter the number of days during your tax year that you maintained a second household at that address. ▶

9 List your tax home(s) during your tax year and date(s) established. ▶

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

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

10 Date bona fide residence began ▶, and ended ▶

11 Kind of living quarters in foreign country ▶ ☐ a Purchased house ☐ b Rented house or apartment ☐ c Rented room
☐ d Quarters furnished by employer

12a Did any of your family live with you abroad during any part of the tax year? ☐ Yes ☐ No

b If "Yes," who and for what period? ▶

13a Have you submitted a statement to the authorities of the foreign country where you claim bona fide residence that you are not a resident of that country? see instructions ☐ Yes ☐ No

b Are you required to pay income tax to the country where you claim bona fide residence? see instructions ☐ Yes ☐ No

If you answered "Yes" to 13a and "No" to 13b, you do not qualify as a bona fide resident. Do not complete the rest of this part.

14 If you were present in the United States or its possessions during the tax year, complete columns (a)-(d) below. Do not include the income from column (d) in Part IV, but report it on Form 1040.

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

15a List any contractual terms or other conditions relating to the length of your employment abroad. ▶

b Enter the type of visa under which you entered the foreign country. ▶

c Did your visa limit the length of your stay or employment in a foreign country? If "Yes," attach explanation ☐ Yes ☐ No

d Did you maintain a home in the United States while living abroad? ☐ Yes ☐ No

e If "Yes," enter address of your home, whether it was rented, the names of the occupants, and their relationship to you. ▶

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

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

(a) Name of country (including U.S.)	(b) Date arrived	(c) Date left	(d) Full days present in country	(e) Number of days in U.S. between	(f) Income earned in U.S. (if business, attach computation)

Part IV All Taxpayers

Note: Enter on lines 19 through 23 all income, including noncash income, you earned and actually or constructively received during your 2006 tax year for services you performed in a foreign country. If any of the foreign earned income received this tax year was earned in a prior tax year, or will be earned in a later tax year (such as a bonus), see the instructions. **Do not** include income from line 14, column (d), or line 18, column (f). Report amounts in U.S. dollars, using the exchange rates in effect when you actually or constructively received the income.

If you are a cash basis taxpayer, report on Form 1040 all income you received in 2006, no matter when you performed the service.

2006 Foreign Earned Income		Amount (in U.S. dollars)
19 Total wages, salaries, bonuses, commissions, etc. Check this box if the amount on line 19 is \$250,000 or more and you are using an alternative method to determine the source of this compensation income. ☐	19	
20 Allowable share of income for personal services performed. See instructions: a In a business (including farming) or profession b In a partnership. List partnership's name and address and type of income.	20a 20b	
21 Noncash income (market value of property or facilities furnished by employer—attach statement showing how it was determined): a Home (lodging) b Meals c Car d Other property or facilities. List type and amount.	21a 21b 21c 21d	
22 Allowances, reimbursements, or expenses paid on your behalf for services you performed: a Cost of living and overseas differential b Family c Education d Home leave e Quarters f For any other purpose. List type and amount.	22a 22b 22c 22d 22e 22f	
g Add lines 22a through 22f	22g	
23 Other foreign earned income. List type and amount.	23	
24 Add lines 19 through 21d, line 22g, and line 23	24	
25 Total amount of meals and lodging included on line 24 that is excludable. See instructions	25	
26 Subtract line 25 from line 24. Enter the result here and on line 27 on page 3. This is your 2006 foreign earned income	26	

Part V All Taxpayers

- 27 Enter the amount from line 26 27
- Are you claiming the housing exclusion or housing deduction?
- ☐ Yes. Complete Part VI.
- ☐ No. Go to Part VII.

Part VI Taxpayers Claiming the Housing Exclusion and/or Deduction

- 28 Qualified housing expenses for the tax year, see instructions 28
- 29 Number of days in your qualifying period that fall within your 2006 tax year, see instructions 29 days
- 30 Multiply \$33.40 by the number of days on line 29. If 365 is entered on line 29, enter \$12,191.00 here 30
- 31 Subtract line 30 from line 28. If the result is zero or less, do not complete the rest of this part or any of Part IX 31
- 32 Enter employer-provided amounts, see instructions 32
- 33 Divide line 32 by line 27. Enter the result as a decimal (rounded to at least three places), but do not enter more than "1.000" 33 X .
- 34 **Housing exclusion.** Multiply line 31 by line 33. Enter the result but do not enter more than the amount on line 32. Also, complete Part VIII 34
- Note:** The housing deduction is figured in Part IX. If you choose to claim the foreign earned income exclusion, complete Parts VII and VIII before Part IX.

Part VII Taxpayers Claiming the Foreign Earned Income Exclusion

- 35 Maximum foreign earned income exclusion 35 \$60,000 00
- 36 **If you completed Part VI, enter the number from line 29.**
All others, enter the number of days in your qualifying period that fall within your 2006 tax year (see the instructions for line 29). 36 days
- 37 **If line 36 and the number of days in your 2006 tax year (usually 365) are the same, enter "1.000."**
Otherwise, divide line 36 by the number of days in your 2006 tax year and enter the result as a decimal (rounded to at least three places). 37 X .
- 38 Multiply line 35 by line 37 38
- 39 Subtract line 34 from line 27 39
- 40 **Foreign earned income exclusion.** Enter the **smaller** of line 38 or line 39. Also, complete Part VIII 40

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

- 41 Add lines 34 and 40 41
- 42 Deductions allowed in figuring your adjusted gross income (Form 1040, line 37) that are allocable to the excluded income. See instructions and attach computation 42
- 43 Subtract line 42 from line 41. Enter the result here and in parentheses on **Form 1040, line 21.** Next to the amount enter "Form 2555." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22. 43

Part IX Taxpayers Claiming the Housing Deduction—Complete this part only if (a) line 31 is more than line 34 and (b) line 27 is more than line 41.

- 44 Subtract line 34 from line 31 44
- 45 Subtract line 41 from line 27 45
- 46 Enter the **smaller** of line 44 or line 45 46
- Note:** If line 45 is more than line 46 and you could not deduct all of your 2005 housing deduction because of the 2005 limit, use the worksheet on page 4 of the instructions to figure the amount to enter on line 47. Otherwise, go to line 48.
- 47 Housing deduction carryover from 2005 (from worksheet on page 4 of the instructions) 47
- 48 **Housing deduction.** Add lines 46 and 47. Enter the total here and on Form 1040 to the left of line 36. Next to the amount on Form 1040, enter "Form 2555." Add it to the total adjustments reported on that line 48



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Form **2555** (2005)

Form **2555-EZ**Department of the Treasury
Internal Revenue Service (99)**Foreign Earned Income Exclusion**

▶ See separate instructions. ▶ Attach to Form 1040.

OMB No. 1545-0047

2006Attachment
Sequence No. **34A**

Name shown on Form 1040

Your social security number

**You May Use
This Form
If You:**

- Are a U.S. citizen or a resident alien.
- Earned wages/salaries in a foreign country.
- Had total foreign earned income of \$80,000 or less.
- Are filing a calendar year return that covers a 12-month period.

And You:

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

Part I Tests To See If You Can Take the Foreign Earned Income Exclusion**1 Bona Fide Residence Test**

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

2 Physical Presence Test

- a Were you physically present in a foreign country or countries for at least 330 full days during—
☐ 2006 or ☐ Yes ☐ No
☐ any other period of 12 months in a row starting or ending in 2006?
- If you answered "Yes," you meet this test. Fill in line 2b and then go to line 3.
 - If you answered "No," you **do not** meet this test. You **cannot** take the exclusion unless you meet the Bona Fide Residence Test above.
- b The physical presence test is based on the 12-month period from ▶ through ▶

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

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

Part II General Information**4** Your foreign address (including country)**5** Your occupation**6** Employer's name**7** Employer's U.S. address (including ZIP code)**8** Employer's foreign address**9** Employer is (check any that apply):

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

10a If you filed Form 2555 or 2555-EZ after 1981, enter the last year you filed the form. ▶b If you did not file Form 2555 or 2555-EZ after 1981, check here ☐ and go to line 11a now.c Have you ever revoked the foreign earned income exclusion? ☐ Yes ☐ No

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

11a List your tax home(s) during 2006 and date(s) established. ▶

b Of what country are you a citizen/national? ▶

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

Cat. No. 13272W

Form **2555-EZ** (2006)

Part III Days Present in the United States—Complete this part if you were in the United States or its possessions during 2006.

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

Part IV Figure Your Foreign Earned Income Exclusion

13	Maximum foreign earned income exclusion	13	\$50,000	00
14	Enter the number of days in your qualifying period that fall within 2006	14		days
15	Did you enter 365 on line 14? ☐ Yes. Enter "1,000." ☐ No. Divide line 14 by 365 and enter the result as a decimal (rounded to at least three places).	15	x	
16	Multiply line 13 by line 15	16		
17	Enter, in U.S. dollars, the total foreign earned income you earned and received in 2006 (see instructions). Be sure to include this amount on Form 1040, line 7	17		
18	Foreign earned income exclusion. Enter the smaller of line 16 or line 17 here and in parentheses on Form 1040, line 21. Next to the amount enter "2555-EZ." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22	18		

Form **2555-EZ** (2006)

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19, is more than zero, use the Schedule D Tax Worksheet on page D-9 of the Instructions for Schedule D to figure your tax.

Qualified Dividends and Capital Gain Tax Worksheet. If you do not have to use the Schedule D Tax Worksheet (see above), use the worksheet on page 58 to figure your tax if any of the following applies.

- You reported qualified dividends on Form 1040, line 9b.

- You do not have to file Schedule D and you reported capital gain distributions on Form 1040, line 13.

- You are filing Schedule D and Schedule D, lines 15 and 16, are both more than zero.

Schedule J. If you had income from farming or fishing, your tax may be less if you

choose to figure it using income averaging on Schedule J.

Foreign Earned Income Tax Worksheet. If you claimed the foreign earned income exclusion or the housing exclusion on Form 2555 or Form 2555-EZ, you must figure your tax using the worksheet below.

Foreign Earned Income Tax Worksheet—Line 44

Keep for Your Records 

Before you begin:

- ✓ See the instructions above to see if you must use this worksheet to figure your tax.
- ✓ See the instructions for line 44 that begin on page 36 to see if any of the other tax computation methods apply to you.

1. Enter the amount from Form 1040, line 41	1.	
2. Enter the amount from Form 1040, line 42	2.	
3. Subtract line 2 from line 1. If less than zero, enter the amount in parenthesis	3.	
4. Enter the amount from your (and your spouse's, if filing jointly) Form 2555, line 45, or Form 2555-EZ, line 18	4.	
5. Enter the total amount of any itemized deductions you could not claim because they are related to excluded income	5.	
6. Subtract line 5 from line 4. If zero or less, enter -0-	6.	
7. Combine lines 3 and 6	7.	
8. Tax on amount on line 7. Use the Tax Table, Tax Computation Worksheet, Schedule D Tax Worksheet*, Qualified Dividends and Capital Gain Tax Worksheet*, or Form 8615**, whichever applies	8.	
9. Tax on amount on line 6. Use the Tax Table or Tax Computation Worksheet, whichever applies	9.	
10. Subtract line 9 from line 8. Enter the result. If zero or less, enter -0-. Also include this amount on Form 1040, line 44	10.	

*Enter the amount from line 7 of this worksheet on line 1 of the Qualified Dividends and Capital Gain Tax Worksheet or Schedule D Tax Worksheet. If you use either of those worksheets to figure the tax on line 8 of this worksheet, complete the rest of either of those worksheets according to the worksheet's instructions. Then complete the rest of this worksheet.

**If you use Form 8615 to figure the tax on line 8 of this worksheet, enter the amount from line 7 of this worksheet on line 4 of Form 8615. If the child's parent files Form 2555 or 2555-EZ, enter the amount from line 7 of the parent's Foreign Earned Income Tax Worksheet on line 5 of Form 8615. Complete the rest of Form 8615 according to its instructions. Then complete the rest of this worksheet.

Form **5695**Department of the Treasury
Internal Revenue Service**Residential Energy Credits**

▶ See instructions.

▶ Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

2006Attachment
Sequence No. **158**

Name(s) shown on return

Your social security number

Part I Nonbusiness Energy Property Credit (See instructions before completing this part.)

1 Were the energy efficiency improvements or energy property costs made to your main home located in the United States? (see instructions)		1	☐ Yes ☐ No
Caution: If you checked the "No" box, you cannot claim the nonbusiness energy property credit. Do not complete Part I.			
2 Energy efficiency improvements (see instructions).			
a Insulation material or system primarily designed to reduce heat loss or gain in your home	2a		
b Exterior windows (including skylights). Do not enter more than \$2,000	2b		
c Exterior doors	2c		
d Metal roof with appropriate pigmented coatings that meet the Energy Star program requirements primarily designed to reduce heat gain in your home	2d		
3 Add lines 2a through 2d		3	
4 Multiply line 3 by 10% (.10)		4	
5 Residential energy property costs (see instructions).			
a Energy-efficient building property. Do not enter more than \$300	5a		
b Qualified natural gas, propane, or oil furnace or hot water boiler. Do not enter more than \$150	5b		
c Advanced main circulating fan used in a natural gas, propane, or oil furnace. Do not enter more than \$50	5c		
6 Add lines 5a through 5c		6	
7 Add lines 4 and 6		7	
8 Enter the smaller of line 7 or \$500		8	
9 Enter the amount from Form 1040, line 46, or Form 1040NR, line 43	9		
10 Enter the total, if any, of your credits from Form 1040, lines 47 through 51, or Form 1040NR, lines 44 through 46	10		
11 Subtract line 10 from line 9. If zero or less, stop . You cannot take a nonbusiness energy property credit		11	
12 Nonbusiness energy credit. Enter the smaller of line 8 or line 11		12	

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 13540P

Form **5695** (2006)

Before you begin: Figure the amount of any of the following credits that you are claiming.

- Child tax credit
- Mortgage interest credit
- Adoption credit
- District of Columbia first-time homebuyer credit

Part II Residential Energy Efficient Property Credit (See instructions before completing this part.)

13	Qualified photovoltaic property costs	13		
14	Multiply line 13 by 30% (.30)	14		
15	Maximum credit amount	15	2,000	
16	Enter the smaller of line 14 or line 15	16		
17	Qualified solar water heating property costs	17		
18	Multiply line 17 by 30% (.30)	18		
19	Maximum credit amount	19	2,000	
20	Enter the smaller of line 18 or line 19	20		
21	Qualified fuel cell property costs	21		
22	Multiply line 21 by 30% (.30)	22		
23	Kilowatt capacity of property on line 21 above X \$1,000	23		
24	Enter the smaller of line 22 or line 23	24		
25	Add lines 16, 20, and 24	25		
26	Enter the amount from Form 1040, line 46, or Form 1040NR, line 43	26		
27	1040 filers: Enter the total, if any, of your credits from Form 1040, lines 47 through 51, 53, and 54, plus the amount, if any, from line 12 of this form. 1040NR filers: Enter the total, if any, of your credits from Form 1040NR, lines 44 through 46, 48, and 49, plus the amount, if any, from line 12 of this form.	27		
28	Subtract line 27 from line 26. If zero or less, enter -0- here and on line 29	28		
29	Residential energy efficient property credit. Enter the smaller of line 25 or line 28	29		
30	Credit carryforward to 2007. If line 29 is less than line 25, subtract line 29 from line 25	30		

Part III Current Year Residential Energy Credits

31	Add lines 12 and 29. Enter here and on Form 1040, line 52, or Form 1040NR, line 47	31	
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Form **8812****Additional Child Tax Credit**1040
1040A
1040NR

OMB No. 1545-0074

2006Attachment
Sequence No. **47**Department of the Treasury
Internal Revenue Service (99)

Complete and attach to Form 1040, Form 1040A, or Form 1040NR.

Name(s) shown on return

Your social security number

Part I All Filers

- 1 Enter the amount from line 1 of your Child Tax Credit Worksheet on page 42 of the Form 1040 instructions, page 39 of the Form 1040A instructions, or page 20 of the Form 1040NR instructions. If you used Pub. 972, enter the amount from line 8 of the worksheet on page 4 of the publication.

- 2 Enter the amount from Form 1040, line 53, Form 1040A, line 33, or Form 1040NR, line 48.

- 3 Subtract line 2 from line 1. If zero, stop; you cannot take this credit.

- 4a Enter your total earned income (see instructions on back).

- b Nontaxable combat pay (see instructions on back).

- 5 Is the amount on line 4a more than \$11,300?

- ☐ No. Leave line 5 blank and enter -0- on line 6.
☐ Yes. Subtract \$11,300 from the amount on line 4a. Enter the result.

- 6 Multiply the amount on line 5 by 15% (.15) and enter the result.

Next, do you have three or more qualifying children?

- ☐ No. If line 6 is zero, stop; you cannot take this credit. Otherwise, skip Part II and enter the smaller of line 3 or line 6 on line 13.
☐ Yes. If line 6 is equal to or more than line 3, skip Part II and enter the amount from line 3 on line 13. Otherwise, go to line 7.

Part II Certain Filers Who Have Three or More Qualifying Children

- 7 Withheld social security and Medicare taxes from Form(s) W-2, boxes 4 and 6. If married filing jointly, include your spouse's amounts with yours. If you worked for a railroad, see instructions on back.

- 8 **1040 filers:** Enter the total of the amounts from Form 1040, lines 27 and 59, plus any uncollected social security and Medicare or tier 1 RRTA taxes included on line 63.

1040A filers: Enter -0-.

1040NR filers: Enter the total of the amounts from Form 1040NR, line 54, plus any uncollected social security and Medicare or tier 1 RRTA taxes included on line 58.

- 9 Add lines 7 and 8.

- 10 **1040 filers:** Enter the total of the amounts from Form 1040, lines 66a and 67.

1040A filers: Enter the total of the amount from Form 1040A, line 40a, plus any excess social security and tier 1 RRTA taxes withheld that you entered to the left of line 42 (see instructions on back).

1040NR filers: Enter the amount from Form 1040NR, line 61.

- 11 Subtract line 10 from line 9. If zero or less, enter -0-.

- 12 Enter the larger of line 6 or line 11.

Next, enter the smaller of line 3 or line 12 on line 13.

Part III Additional Child Tax Credit

- 13 This is your additional child tax credit.

1040
1040A
1040NR

Enter this amount on:
 Form 1040, line 68,
 Form 1040A, line 41, or
 Form 1040NR, line 62.

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 10644E

Form **8812** (2006)

Instructions

Purpose of Form

Use Form 8812 to figure your additional child tax credit. The additional child tax credit may give you a refund even if you do not owe any tax.

Who Should Use Form 8812

First, complete the Child Tax Credit Worksheet that applies to you. See the instructions for Form 1040, line 53; Form 1040A, line 33; or Form 1040NR, line 47. If you meet the condition given in the 7th step at the end of your Child Tax Credit Worksheet, use Form 8812 to see if you can take the additional child tax credit.

Effect of Credit on Welfare Benefits

Any refund you receive as a result of taking the additional child tax credit will not be used to determine if you are eligible for the following programs, or how much you can receive from them. But if the refund you receive because of the additional child tax credit is not spent within a certain period of time, it may count as an asset (or resource) and affect your eligibility.

- Temporary Assistance for Needy Families (TANF).

- Medicaid and supplemental security income (SSI).
- Food stamps and low-income housing.

Nontaxable Combat Pay

Enter on line 4b the total amount of nontaxable combat pay that you, and your spouse if filing jointly, received in 2006. This amount should be shown on Form W-2, line 12, with code (f).

Railroad Employees

If you worked for a railroad, include the following items in the amount on Form 8812, line 7.

- Tier 1 railroad fund from your pay. This tax should be shown on line 14 of your Form(s) W-2 and identified as "Tier 1 tax."
- If you were an employee representative, 30% of the total for 1 tax and tier 1 Medicare tax you paid for 2006.

1040A Filers

If you, or your spouse if filing jointly, had more than one source of tax 2006 net total wages of over \$94,290, figure your excess social security and tier 1 railroad retirement (RRTA) taxes withheld. See Pub. 505. Include any amounts on Form 8812, line 10.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act if the form displays a valid OMB control number. Books or records retaining this form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For the estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

Earned Income Chart—Line 4a

IF you...	AND you...	THEN enter on line 4a...
have net earnings from self-employment	use either optional method to figure those net earnings	the amount figured using Pub. 927
are taking the EIC on Form 1040, line 6a, or Form 1040A, line 40a	completed Worksheet B on page 50 of your Form 1040 instructions	your earned income from Worksheet B, line 4b, plus all of your nontaxable combat pay if you did not elect to include it in earned income for the EIC. If you were a member of the clergy, submit (a) the rental value of a home or the nontaxable portion of an allowance for a home furnished to you (including payments for utilities), and (b) the value of meals and lodging provided to you, your spouse, and your dependents for your employer's convenience
	did not complete Worksheet B or filed Form 1040A	your earned income from Step 5 on page 47 of your 1040 instructions or page 43 of your 1040A instructions, plus all of your nontaxable combat pay if you did not elect to include it in earned income for the EIC
	were self-employed, or you are filing Schedule ME because you were a member of the clergy or you had church employee income, or you are filing Schedule U or C-EZ as a statutory employee	the amount figured using Pub. 927
are not taking the EIC	are not self-employed or filing Schedule ME, C, or C-EZ for the above reasons	your earned income figured as follows: Line 7 of Form 1040 or Form 1040A, subtract, if included on line 7, any: • Taxable scholarship or fellowship grant not reported on a Form W-2, • Amount received for work performed while on leave in a paid position (not "PTD") and the amount subtracted in the space next to line 7 of Form 1040 or 1040A, • Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental union (NST) plan (not "DRP") and the amount subtracted in the space next to line 7 of Form 1040 or Form 1040A. This amount may be shown in box 11 of your Form 942. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity. • Amount from Form 2295, line 41, or Form 2295-EZ, line 10. Add all your nontaxable combat pay from Form(s) W-2, line 12, with code (f)

Earned income =



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Education Credits
(Hope and Lifetime Learning Credits)
▶ See instructions.
▶ Attach to Form 1040 or Form 1040A.

Name(s) shown on return

Your social security number

Caution: You **cannot** take the Hope credit and the lifetime learning credit for the **same student** in the same year.

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

1	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions). Do not enter more than \$2,200* for each student.	(d) Enter the smaller of the amount in column (c) or \$1,100**	(e) Add column (c) and column (d)	(f) Enter one-half of the amount in column (e)

* For each student who attended an eligible educational institution in the Gulf Opportunity Zone, do not enter more than \$4,400.

** For each student who attended an eligible educational institution in the Gulf Opportunity Zone, enter the **smaller** of the amount in column (c) or \$2,200.

2 **Tentative Hope credit.** Add the amounts on line 1, column (f). If you are taking the lifetime learning credit for another student, go to Part II; otherwise, go to Part III. ▶

2

Part II Lifetime Learning Credit

3	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions)
4	Add the amounts on line 3, column (c), and enter the total		4
5a	Enter the smaller of line 4 or \$10,000		5a
b	For students who attended an eligible educational institution in the Gulf Opportunity Zone, enter the smaller of \$10,000 or their qualified expenses included on line 4 (see special rules on page 3)		5b
c	Subtract line 5b from line 5a		5c
6a	Multiply line 5b by 40% (.40)		6a
b	Multiply line 5c by 20% (.20)		6b
c	Tentative lifetime learning credit. Add lines 6a and 6b and go to Part III		6c

Part III Allowable Education Credits

7	Tentative education credits. Add lines 2 and 6c		7
8	Enter: \$110,000 if married filing jointly; \$55,000 if single, head of household, or qualifying widow(er)		8
9	Enter the amount from Form 1040, line 38*, or Form 1040A, line 22		9
10	Subtract line 9 from line 8. If zero or less, stop ; you cannot take any education credits		10
11	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)		11
12	If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places)		12
13	Multiply line 7 by line 12		13
14	Enter the amount from Form 1040, line 46, or Form 1040A, line 28		14
15	Enter the total, if any, of your credits from Form 1040, lines 47 through 49, or Form 1040A, lines 29 and 30		15
16	Subtract line 15 from line 14. If zero or less, stop ; you cannot take any education credits		16
17	Education credits. Enter the smaller of line 13 or line 16 here and on Form 1040, line 50, or Form 1040A, line 31		17

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

Worksheet 2-1. MAGI for the Hope Credit

1. Enter your adjusted gross income (Form 1040, line 38)	1. _____
2. Enter your foreign earned income exclusion and/or housing exclusion (Form 2555, line 43, or Form 2555-EZ, line 18)	2. _____
3. Enter the amount of income from Puerto Rico that you are excluding	3. _____
4. Enter the amount of income from American Samoa that you are excluding (Form 4563, line 15)	4. _____
5. Add the amounts on lines 2, 3, and 4	5. _____
6. Add the amounts on lines 1 and 5. This is your modified adjusted gross income . Enter this amount on Form 8863, line 9	6. _____

Claiming the Credit

You claim the Hope credit by completing Parts I and III of Form 8863 and submitting it with your Form 1040 or 1040A. Enter the credit on Form 1040, line 50, or on Form 1040A, line 31. A filled-in Form 8863 is shown at the end of this chapter.

When Must the Credit Be Repaid (Recaptured)

If, after you file your 2005 tax return, you or someone else receives tax-free educational assistance for, or a refund of, an expense you used to figure a Hope credit on that return, you may have to repay all or part of the credit. You must refigure your Hope credit for 2005 as if the assistance or refund was received in 2005. Subtract the amount of the refigured credit from the amount of the credit you claimed. The result is the amount you must repay. You add the repayment (recapture) to your tax liability for the year in which you receive the assistance or refund (see the instructions for your tax return for that year). Your original 2005 tax return does not change.

Illustrated Example

Jim Grant, a single taxpayer, enrolled full-time at a local college to earn a degree in computer science. This is the first year of his postsecondary education. During 2005, he paid \$2,600 for his qualified 2005 tuition. He received Form 1098-T (shown later) from the college. He and the college meet all of the requirements for the Hope credit. Jim's MAGI is \$34,000. His income tax liability, before credits, is \$3,404. He figures his credit of \$1,500 as shown on the Form 8863 on page 17.

Note. In Appendix A at the end of this publication there is an example illustrating the use of Form 8863 when both the Hope credit and the lifetime learning credit are claimed on the same tax return.

8863 ☐ VOID ☐ CORRECTED				
FILER'S name, street address, city, state, ZIP code, and telephone number State University Metropolis, OH 77777		1 Payments received for qualified tuition and related expenses \$ 2,600	OMB No. 1545-1574 2005 Form 1098-T	
		2 Amounts billed for qualified tuition and related expenses \$ 2,600		
FILER'S Federal identification no. 99-1234567	STUDENT'S social security number 000-00-434	3 Adjustments made for a prior year \$	4 Scholarships or grants \$	
STUDENT'S name Jim Grant		5 Adjustments to scholarships or grants for a prior year \$	Copy A For Internal Revenue Service Center File with Form 1099. For Privacy Act and Paperwork Reduction Act Notice, see the 2005 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
Street address (including apt. no.) 1010 Anywhere St.		6 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January-March 2005 ☐		7 Reimbursements or refunds of qualified tuition and related expenses from an insurance contract \$
City, state, and ZIP code Hometown, OH 77777		8 Check if at least half-time student ☒		9 Check if a graduate student ☐
Service Provider/Acct. No. (see instructions)				
Form 1098-T		Cat. No. 25087J Department of the Treasury - Internal Revenue Service		

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

Credit for Qualified Retirement Savings Contributions

▶ Attach to Form 1040, Form 1040A, or Form 1040NR.

▶ See instructions on back.

OMB No. 1545-0074

2006Attachment
Sequence No. **129**

Name(s) shown on return

Your social security number

You **cannot** take this credit if **either** of the following applies.

- The amount on Form 1040, line 38, Form 1040A, line 22, or Form 1040NR, line 36 is more than \$25,000 (\$37,500 if head of household; \$50,000 if married filing jointly).
- The person(s) who made the qualified contribution or elective deferral (a) was born after January 1, 1989, (b) is claimed as a dependent on someone else's 2006 tax return, or (c) was a **student** (see instructions).

	(a) You	(b) Your spouse
1 Traditional and Roth IRA contributions for 2006. Do not include rollover contributions	1	
2 Elective deferrals to a 401(k) or other qualified employer plan, voluntary employee contributions, and 501(c)(18)(D) plan contributions for 2006 (see instructions)	2	
3 Add lines 1 and 2	3	
4 Certain distributions received after 2003 and before the due date (including extensions) of your 2006 tax return (see instructions). If married filing jointly, include both spouses' amounts in both columns. See instructions for an exception	4	
5 Subtract line 4 from line 3. If zero or less, enter -0-	5	
6 In each column, enter the smaller of line 5 or \$2,000	6	
7 Add the amounts on line 6. If zero, stop ; you cannot take this credit	7	
8 Enter the amount from Form 1040, line 38*, Form 1040A, line 22, or Form 1040NR, line 36	8	
9 Enter the applicable decimal amount shown below:		

If line 8 is—		And your filing status is—		
Over—	But not over—	Married filing jointly	Head of household	Single, Married filing separately, or Qualifying widow(er)
Enter on line 9—				
---	\$15,000	.5	.5	.5
\$15,000	\$16,250	.5	.5	.2
\$16,250	\$22,500	.5	.5	.1
\$22,500	\$24,375	.5	.2	.1
\$24,375	\$25,000	.5	.1	.1
\$25,000	\$30,000	.5	.1	.0
\$30,000	\$32,500	.2	.1	.0
\$32,500	\$37,500	.1	.1	.0
\$37,500	\$50,000	.1	.0	.0
\$50,000	---	.0	.0	.0

Note: If line 9 is zero, **stop**; you cannot take this credit.

10 Multiply line 7 by line 9	10	
11 Enter the amount from Form 1040, line 46, Form 1040A, line 28, or Form 1040NR, line 43	11	
12 1040 filers: Enter the total of your credits from lines 47 through 52, plus the credit amount, if any, from Form 8396 and Form 8859. 1040A filers: Enter the total of your credits from lines 29 through 32. 1040NR filers: Enter the total of your credits from lines 44 through 47, plus the credit amount, if any, from Form 8396 and Form 8859.	12	
13 Subtract line 12 from line 11. If zero, stop ; you cannot take this credit	13	
14 Credit for qualified retirement savings contributions. Enter the smaller of line 10 or line 13 here and on Form 1040, line 53, Form 1040A, line 33, or Form 1040NR, line 48	14	

*See Pub. 590 for the amount to enter if you are filing Form 2555, 2555-EZ, or 4583 or you are excluding income from Puerto Rico.

Form **2106****Employee Business Expenses**

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service (IRS)

▶ See separate instructions.

▶ Attach to Form 1040.

2006Attachment
Sequence No. **54**

Your name

Occupation in which you incurred expenses

Social security number

Part I Employee Business Expenses and Reimbursements**Step 1 Enter Your Expenses**

	Column A Other Than Meals and Entertainment	Column B Meals and Entertainment
1 Vehicle expense from line 22 or line 29. (Rural mail carriers: See instructions.)	1	
2 Parking fees, tolls, and transportation, including train, bus, etc., that did not involve overnight travel or commuting to and from work.	2	
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment.	3	
4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment.	4	
5 Meals and entertainment expenses (see instructions).	5	
6 Total expenses. In Column A, add lines 1 through 4 and enter the result. In Column B, enter the amount from line 5.	6	

Note: If you were not reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.**Step 2 Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1**

7 Enter reimbursements received from your employer that were not reported to you in box 1 of Form W-2. Include any reimbursements reported under code "L" in box 12 of your Form W-2 (see instructions).	7	
---	---	--

Step 3 Figure Expenses To Deduct on Schedule A (Form 1040)

8 Subtract line 7 from line 6. If zero or less, enter -0-. However, if line 7 is greater than line 6 in Column A, report the excess as income on Form 1040, line 7.	8	
Note: If both columns of line 8 are zero, you cannot deduct employee business expenses. Stop here and attach Form 2106 to your return.		
9 In Column A, enter the amount from line 8. In Column B, multiply line 8 by 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 75% (.75) instead of 50%. For details, see instructions.)	9	
10 Add the amounts on line 9 of both columns and enter the total here. Also, enter the total on Schedule A (Form 1040), line 20. (Reservists, qualified performing artists, fee-basis state or local government officials, and individuals with disabilities: See the instructions for special rules on where to enter the total.)	10	

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 11700N

Form **2106** (2005)

Part II Vehicle Expenses**Section A—General Information** (You must complete this section if you are claiming vehicle expenses.)

	(a) Vehicle 1	(b) Vehicle 2
11 Enter the date the vehicle was placed in service	11 / /	/ /
12 Total miles the vehicle was driven during 2008	12 miles	miles
13 Business miles included on line 12	13 miles	miles
14 Percent of business use. Divide line 13 by line 12	14 %	%
15 Average daily roundtrip commuting distance	15 miles	miles
16 Commuting miles included on line 12	16 miles	miles
17 Other miles. Add lines 13 and 16 and subtract the total from line 12	17 miles	miles
18 Do you (or your spouse) have another vehicle available for personal use?	☐ Yes ☐ No	☐ Yes ☐ No
19 Was your vehicle available for personal use during off-duty hours?	☐ Yes ☐ No	☐ Yes ☐ No
20 Do you have evidence to support your deduction?	☐ Yes ☐ No	☐ Yes ☐ No
21 If "Yes," is the evidence written?	☐ Yes ☐ No	☐ Yes ☐ No

Section B—Standard Mileage Rate (See the instructions for Part II to find out whether to complete this section or Section C.)

22 Multiply line 13 by 44.5¢ (.445)	22
--	-----------

Section C—Actual Expenses

	(a) Vehicle 1	(b) Vehicle 2
23 Gasoline, oil, repairs, vehicle insurance, etc.	23	
24a Vehicle rentals	24a	
b Inclusion amount (see instructions)	24b	
c Subtract line 24b from line 24a	24c	
25 Value of employer-provided vehicle (applies only if 100% of annual lease value was included on Form W-2—see instructions)	25	
26 Add lines 23, 24c, and 25	26	
27 Multiply line 26 by the percentage on line 14	27	
28 Depreciation (see instructions)	28	
29 Add lines 27 and 28. Enter total here and on line 1	29	

Section D—Depreciation of Vehicles (Use this section only if you owned the vehicle and are completing Section C for the vehicle.)

	(a) Vehicle 1	(b) Vehicle 2
30 Enter cost or other basis (see instructions)	30	
31 Enter section 179 deduction (see instructions)	31	
32 Multiply line 30 by line 14 (see instructions if you claimed the section 179 deduction or special allowance)	32	
33 Enter depreciation method and percentage (see instructions)	33	
34 Multiply line 32 by the percentage on line 33 (see instructions)	34	
35 Add lines 31 and 34	35	
36 Enter the applicable limit explained in the line 36 instructions	36	
37 Multiply line 36 by the percentage on line 14	37	
38 Enter the smaller of line 35 or line 37. If you skipped lines 36 and 37, enter the amount from line 35. Also enter this amount on line 28 above	38	



Form **8888**Department of the Treasury
Internal Revenue Service**Direct Deposit of Refund**

▶ See instructions below and on back.

▶ Attach to Form 1040, Form 1040A, Form 1040EZ, Form 1040NR, Form 1040NR-EZ,
Form 1040-SS, or Form 1040-PR.

OMB No. 1545-0074

2006Attachment
Sequence No. **56**

Name(s) shown on return

Your social security number

1a Amount to be deposited in first account**b** Routing number▶ **c** ☐ Checking ☐ Savings**d** Account number**2a** Amount to be deposited in second account**b** Routing number▶ **c** ☐ Checking ☐ Savings**d** Account number**3a** Amount to be deposited in third account**b** Routing number▶ **c** ☐ Checking ☐ Savings**d** Account number**4** **Total amount to be directly deposited.** Add lines 1a, 2a, and 3a. The total must equal the amount shown on Form 1040, line 74a; Form 1040A, line 45a; Form 1040EZ, line 12a; Form 1040NR, line 72a; Form 1040NR-EZ, line 24a; Form 1040-SS, line 12a; or Form 1040-PR, line 12a.**General Instructions****Purpose of Form**

Use Form 8888 if you want us to directly deposit your tax refund into either two or three of your accounts at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) instead of sending you a check. An account can be a checking, savings, or other account such as an individual retirement arrangement (IRA) (see page 2 for more information on IRAs), health savings account (HSA), Archer MSA, or Coverdell education savings account (ESA). You cannot have your refund deposited into more than one account if you file Form 8379.

Note. If you want your refund deposited into only one account, do not complete this form. Instead, you can request a direct deposit of your refund on the tax return you are filing.

Why Use Direct Deposit?

- You get your refund faster by direct deposit than you do by check.
- Payment is more secure. There is no check that can get lost or stolen.
- It is more convenient. You do not have to make a trip to the bank to deposit your check.
- It saves tax dollars. It costs the government less to refund by direct deposit.

TIP The IRS is not responsible for a lost refund if you enter the wrong account information. You can check with your financial institution to get the correct routing and account numbers and make sure your deposit will be accepted.

Specific Instructions

If you file a joint return and you complete and attach Form 8888, you are appointing your spouse as an agent to receive the refund. This appointment cannot be changed later.



CAUTION Some financial institutions will not allow a joint refund to be deposited into an individual account. If the direct deposit is rejected, a check will be sent instead. The IRS is not responsible if a financial institution rejects a direct deposit.

Lines 1a, 2a, and 3a

Enter the portion of your refund you want directly deposited into each account. Each deposit must be at least \$1. The amount of your refund can be found on Form 1040, line 74a; Form 1040A, line 45a; Form 1040EZ, line 12a; Form 1040NR, line 72a; Form 1040NR-EZ, line 24a; Form 1040-SS, line 12a; or Form 1040-PR, line 12a. The total of lines 1a, 2a, and 3a must equal the total amount of your refund.

Lines 1b, 2b, and 3b

The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead. On the sample check, the routing number is 250250025.



CAUTION Your check may state that it is payable through a financial institution different from the one at which you have your account. If so, do not use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter.

Sample Check

JEFFREY MAPLE
SUZANNE MAPLE
123 Pear Lane
Anyplace, VA 20000

PAY TO THE ORDER OF

ANYPLACE BANK
Anyplace, VA 20000

Routing number: 250250025
Account number: 202020165

1234
1234
DOLLARS

Do not include the check number.

Note. The routing and account numbers may be in different places on your check.

For Paperwork Reduction Act Notice, see back.

Cat. No. 21999A

Form **8888** (2006)

2006 Form 1040-V



Department of the Treasury
Internal Revenue Service

What Is Form 1040-V and Do You Have To Use It?

It is a statement you send with your check or money order for any balance due on the "Amount you owe" line of your 2006 Form 1040. Using Form 1040-V allows us to process your payment more accurately and efficiently. We strongly encourage you to use Form 1040-V, but there is no penalty if you do not.

How To Fill In Form 1040-V

Line 1. Enter your social security number (SSN). If you are filing a joint return, enter the SSN shown first on your return.

Line 2. If you are filing a joint return, enter the SSN shown second on your return.

Line 3. Enter the amount you are paying by check or money order.

Line 4. Enter your name(s) and address exactly as shown on your return. Please print clearly.

How To Prepare Your Payment

- Make your check or money order payable to the "United States Treasury." Do not send cash.
- Make sure your name and address appear on your check or money order.
- Enter "2006 Form 1040," your daytime phone number, and your SSN on your check or money order. If you are filing a joint return, enter the SSN shown first on your return.
- To help process your payment, enter the amount on the right side of your check like this: \$ XXX.XX. Do not use dashes or lines (for example, do not enter "\$ XXX—" or "\$ XXX &").

How To Send In Your 2006 Tax Return, Payment, and Form 1040-V

- Detach Form 1040-V along the dotted line.
- Do not staple or otherwise attach your payment or Form 1040-V to your return or to each other. Instead, just put them loose in the envelope.
- Mail your 2006 tax return, payment, and Form 1040-V in the envelope that came with your 2006 Form 1040 instruction booklet.

Note. If you do not have that envelope or you moved or used a paid preparer, mail your return, payment, and Form 1040-V to the Internal Revenue Service at the address shown on the back that applies to you.

Paperwork Reduction Act Notice. We ask for the information on Form 1040-V to help us carry out the Internal Revenue laws of the United States. If you use Form 1040-V, you must provide the requested information. Your cooperation will help us ensure that we are collecting the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For the estimated averages, see the instructions for your income tax return. If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

Cat. No. 20975C

Form 1040-V (2006)

▼ Detach Here and Mail With Your Payment and Return ▼

Form 1040-V		Payment Voucher		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		▶ Do not staple or attach this voucher to your payment or return.		2006	
1 Your social security number (SSN)	2 If a joint return, SSN shown second on your return	3 Amount you are paying by check or money order	Dollars	Cents	
4 Your first name and initial		Last name			
If a joint return, spouse's first name and initial		Last name			
Home address (number and street)			Apt. no.		
City, town or post office, state, and ZIP code					

Cat. No. 20975C

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Understanding Taxes: **Just a Point and Click Away!**

**Students can
learn about
taxes online @**

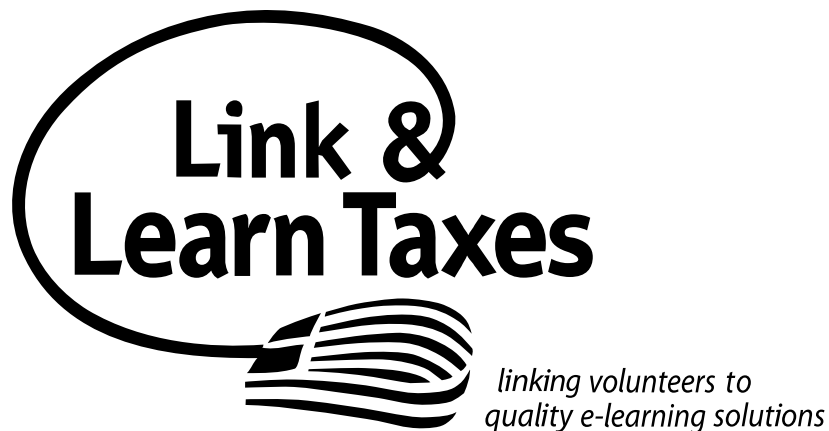


- www.irs.gov (Keyword: Understanding Taxes)

Learn about.....

- The History of Taxes
- How to prepare the basic tax return

Instructions on how to prepare a tax return
are also available in Spanish



This course is available on-line

www.irs.gov

Enter keyword: "volunteer training" or "link and learn"

The benefits.....

- Work at your own pace
- Access it anytime, anywhere-24/7...it's on the Internet
- Complete your volunteer certification online

Share your opinion.....

Check-out the course and send your comments to
partner@irs.gov