



Research Article

A Unique Strategy to Administer a Comprehensive Introductory Tax Accounting Final Exam

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Abstract

The principle purpose of this article was to introduce readers to a unique way in which to administer a comprehensive final examination in an introductory tax course in order to reduce carryover errors. By administering the final examination using the steps outlined in this article, the teacher and students both benefit. First, the students' potential errors were isolated by the stepped method listed in this article. By using the outlined method, errors on any one form or schedule did not carry over to the next section of the final examination. Second, the time it took to analyze and evaluate the entire final examination was reduced since the instructor did not have to trace the errors through an entire comprehensive multi- form and schedule final examination. As a result, it is easier for the instructor to assess the students' understanding and application skills related to tax law. For the students and instructors alike, it is a win-win situation.

Keywords: Assessment Performance, Basics of Assessment, Comprehensive Final Examination, Cumulative Assessment, Cumulative Learning on Student Learning, Learning Theories, Pedagogical Tools, Testing/Assessment

INTRODUCTION

In engineering, nursing, and other professional fields of study, practicums have been an excellent assessment and evaluation of students' acquired knowledge and application skills. This is also true in the field of tax accounting where students can learn much from a practicum and be given an opportunity to apply what they have learned academically. Unfortunately, not every student volunteers for or is required to complete a practicum for graduation.

Even if a student is provided this unique education opportunity, a tax practicum often only provides a narrow field of experience orchestrated and mapped out by their on-site supervisor and internship coordinator based on a set of predetermined and desired learning outcomes. There is also no guarantee that practical experiences gained in the field will be similar for all of the students pursuing a degree in accounting. As an alternate, instructors have traditionally administered a comprehensive and objective form of a final examination to assess and evaluate the student's overall knowledge of tax laws.

The intent of this article is not to review accounting testing methodologies such as objective-based examinations or their merits. Instead, the principal goal of this article is to present one method by which federal individual income tax

students can be assessed using a comprehensive problem-based final examination evaluating their knowledge and “application skills” in tax law.

But before traveling down this road of inquiry, one methodology by which to assess and evaluate the knowledge and skills of our federal individual income tax students, we must review some ways in which tax students have been assessed and evaluated. Once this ground work has been laid, we can better understand the merits of a comprehensive problem-based test using a carefully designed and administered cumulative problem as a final examination. In this article, we will present a way in which to administer a comprehensive final examination using an end-of-course cumulative tax-based problem which isolates and reduces cumulative errors which are normally associated with the administration of a comprehensive and cumulative-tax-based problem.

A Historical Perspective of Assessment Methodologies

Before reviewing some of the commonly used assessment tools in accounting, we will set down two parameters to help narrow the scope of our literature review. First, we will start with the premise that our terminal goal in the federal individual tax course is to assess and evaluate how much the students have learned about tax law and their application skills in completing a comprehensive tax return. In order to accomplish this goal, we will also make an assumption that our final comprehensive examination will serve as a formative and summative assessment tool.

The term, formative assessment tool, can be simply defined as the means by in which we assess and provide valuable feedback for our instruction while the term, summative assessment tool, provides an evaluation device to gage the student’s learning. As stated in an article entitled, “Types of Classroom Assessment” written by Ebert II, Ebert and Bentley, teachers use the former (formative assessment tool) to help guide the teacher’s instructional strategy while the latter (summative assessment tool) provides a grade for evaluation purposes (Ebert et al., 2011). But as also pointed out by the authors, Ebert II, Ebert and Bentley, the assessment tool also must provide students with valuable feedback. Therefore, our final examination which has been devised and reported here fits these criteria for being a formative and summative assessment tool.

Assessment Tools

There are number of assessment tools mentioned in the literature which can be applied in accounting including:

- (1) case-studies used in measuring a student’s application skills and mastery of principles learned in the classroom,
- (2) direct observations of practical skills acquired,
- (3) multiple-choice and other objective assessments of knowledge,
- (4) open- ended questions used to assess recall,
- (5) performance projects used to measure multiple and complex areas of learning,
- (6) student constructed-practical projects used to assess the integration of “discretely-taught skills and knowledge”,
- (7) problem sheets used to assess what you have learned in convergent subject areas,
- (8) self-assessment instruments used to help students recognize their own skills and academic accomplishments,
- (9) simulations used to assess students’ decision-making skills based on an analysis of real or fabricated facts,
- (10) essays used to assess the construction of substantiable arguments,
- (11) oral questioning confirming what has been observed,
- (12) presentations which help to assess the acquisition of knowledge and skills, and
- (13) short-essay questions which help to assess activities, skills, or knowledge learned (Ebert et al., 2011). Of course, not all of these methods can easily be applied in the classroom such as tax accounting. Among these methods, we will be reviewing the benefits and short-comings of just one methodology, using a comprehensive problem based on a simulated tax scenario to assess and evaluate the students’ knowledge and application skills of tax law. It also provides the student feed-back on how well he/she has done and the instructor a way in which to evaluate what the student has learned and can apply in a timely manner and practical setting.

A case made for Comprehensive and Repeated-Testing

In research conducted by Bunce, Vanden Plas and Souls, the authors showed that repeated assessment and evaluations during a course such as chemistry did benefit students in retaining what they had learned (2011). Their study also supported earlier research showing that repeated testing did reduce the amount of knowledge decay. They also challenged researcher in the future to investigate ways in which the knowledge decay could be slowed or knowledge retained for longer periods.

Future studies could investigate the causes for a decay of knowledge in a more systematic fashion. These causes may include, but not be limited to, the following: the presence or absence of repeated occasions of tests and quizzes;

student ability; student motivation; teaching style; interactive versus passive classrooms; spiral versus linear curricula; and the presence or absence of cumulative final examinations.

It was in a later research study conducted by Kanna, Brack and Finken which answered their call for further research into how cumulative final examinations would enable students to retain more knowledge even if it was not received well by students.

Benefits of a Comprehensive Final Examination

The following section briefly reviews a recent research study by Kanna, Brack, and Finken investigating the short- and long-term benefits of a comprehensive final examination (2013). Among their findings, the authors found that lower- and higher-level psychology “classes taking cumulative finals performed reliably better than classes who had noncumulative finals” (2013). In short, students who prepared for and took a comprehensive final examination on an introductory level retained learning longer, had a fuller understanding of the previous class materials presented, and did better than students who did not take a comprehensive final. The same was true for upper level courses but to a lesser degree. The authors stated that “the lessen effect of cumulative final exams in our upper-division courses” resulted “from repeated exposures to material that naturally occurred as part of a well-developed curriculum” (2013).

As a result of their studies and others before them, the authors encouraged instructors to use cumulative and comprehensive examinations to improve student’s learning and retention. Further the authors stated that “improved learning through cumulative exams not only benefits students but also has the potential to benefit the profession by producing graduates who retain more of the information they acquire during training” (2013). The authors reminded instructors also that if an instructor was hesitant in administering a final examination “because students tend to not like them”, “students have little insight into the educational benefits of pedagogical practices” such as repeated testing including comprehensive examinations (2013).

In short, instructors should not be afraid or be swayed by students’ opinions against administering a final examination. This remark was based on research studies such as the one published by Wesp and Miele showing that “student opinions about the effectiveness of teaching techniques are inaccurate” and don’t correlate with test scores or grades (2008).

Creation of a Comprehensive Examination while Minimizing Carry-Over Errors

Other than the foundational research studies cited earlier, our search for literature or research studies dealing with or related to methods assessing and evaluating students’ knowledge of tax law and their application skills in completing a comprehensive federal individual tax return proved to be fruitless. Thus, we can now shift our attention to the primary goal of this article; sharing with the readers a novel way in which to administer a final examination in tax which reduces the problem posed by carryover errors.

As most professor have discovered, grading a comprehensive tax examination using tax forms and schedules can be a very time consuming process when faced with student carry-over errors. It creates an almost impossible task to grade the student’s knowledge and skills partly due to the fact that it is difficult to separate out what the student understood in terms of tax law and errors filling out the tax forms and schedules. That is probably one reason why most final examinations consist of objective questions such as multiple-choice and short-answer questions and short cases.

I too followed this path of assessing and evaluating just the students’ understanding and knowledge of tax law using objective tests because it avoided the time consuming task of grading multiple forms and schedule with one or more carry-over and cumulative errors. Only in the past few years have I shifted from using this type of examination to a better assessment tool for application skills and knowledge of tax laws.

As an alternative, I began to experiment with an alternative way in which to administer a tax examination using tax forms and schedules. First, I started off by creating or using one of Hoffman’s and Smith’s comprehensive tax scenarios paired with a comprehensive tax return prepared incorrectly by a tax preparer (2013). The merits of this type of examination appeared to be clear at the time. It tested the student’s tax knowledge and assessed their proofreading skills to detect errors as they normally do in the field as a tax reviewer. But this skill had already been evaluated earlier in the semester when the students acting as reviewers had reviewed their fellow students’ returns before submission to the instructor. Students who were questioned after using this type of final examination also stated that the process created too much anxiety leaving them unable to detect errors effectively over a short span of time.

As a result of the students’ comments, I began administering a different type of comprehensive final examination, requiring students to fill out tax forms and schedules based on a case study, but administering it in a different fashion in order to reduce carry-over errors. If successful, the assessment and evaluation of their tax knowledge and application skills would be accomplished and make for an easier task. The rest of this article outlines how the comprehensive final examination was created and administered.

An Innovative Way in which to administer a Tax Form and Schedule-based Comprehensive Final Examination

The comprehensive final examination was administered to two federal individual income tax courses in the spring semester of 2013 and one semester course in the fall of 2013. As a preliminary step weeks before the final examination, a study guide was up-loaded onto the students' learning platform showing the applicable forms and schedules that were to be completed during the comprehensive final examination (see Exhibit 1).

The final examination itself was comprised of two parts consisting of a comprehensive individual taxpayer scenario (see Exhibit 2) and required IRS tax forms and schedules to be completed. As clearly stated on their study guide, the students were able to use their federal individual income tax book and a reference sheet which students had compiled throughout the semester.

In preparation for the final examination, students had already completed six comprehensive federal tax returns during the semester using the author's cumulative problems. As is customary with most tax textbooks, each return became more challenging with each additional assignment as was devised by Hoffman and Smith (2013). Thus, all of the forms and schedules to be filled out were familiar to the students since they had filled them out during the semester by hand or using a tax software program such as TaxWise. In my course, the preference was to fill out the forms by hand since both programs did not lend themselves well to data inputs unless the students were furnished with source documents like a W-2, 1099, or 1098 in addition to the normal scenario (Note 1).

Note 1: *Why did students have difficulty with the two tax programs? Both programs typically required the user to input the tax data into a support schedule or scratch pad which has a layout similar to a source document. Unfortunately, the Hoffman and Smith textbook which was used in our course did not furnish any type of source document with any of the chapter comprehensive problems like the tests available with the TCE/VITA tax training program. As alternative, the instructor could create these source documents and allow the students to complete the return using a computer software package. Unfortunately, it might be too time consuming to create these forms nor does it remove the problem with grading a completed return with extensive carryover errors. I also did not want the computer to complete certain tasks such as computing the taxpayer(s) ordinary or alternate income taxes.*

The following steps were followed in administering the final examination

Step 1: The first step was to provide the students with the final examination scenario and allowing them at least five minutes to review the instructions and facts (see Exhibit 2).

Step 2: Once the students had an opportunity to read over the scenario, the instructor handed out two copies of the form 8949, Sales and Other Disposition of Capital Assets for 2013 (see Exhibit 3 and 4). Once these forms had been completed, the students were asked to submit them to the instructor and pick up the next form, Schedule D, to be completed.

Step 3: When the student picked up the Schedule D (see Exhibit 5), it included the taxpayers' preprinted names and the primary taxpayer's social security number on it. (The preprinted information on each form and schedule is highlighted in yellow). Solution copies of the previously filled out Forms 8949 were also attached as reference eliminating any chance of a carryover error from using their previously filled-out forms. They didn't have to worry about carryover errors from the earlier step as a result.

Step 4: Once the student had completed Schedule D and had submitted it to the instructor with all furnished attached reference forms, the student picked up the next uncompleted Form 4562 listing Depreciation and Amortization for the Schedule C business (see Exhibit 6). Again, this new form contained only the preprinted name of the primary taxpayer and his identifying number on it. A printed worksheet of all old and newly acquired assets was also attached for reference.

Step 5: When the student had submitted the completed Form 4562, the student received the next schedule, a Schedule C with only the following information pre-printed on it: Line 13 indicating the total and correct amount of depreciation calculated for the period from the feeder Form 4562 and other preprinted information as shown (highlighted in yellow). This eliminated the additional task of supplying students with a completed Form 4562 (see Exhibit 7).

Step 6: Once the students had completed Schedule C and submitted it, they pick up their Schedule SE (see Exhibit 8). The answer for line 2 on the Schedule SE was preprinted on the schedule indicating the correct net profit or loss calculated from their Schedule C. The rest of the schedule was the student's responsibility with the exception to the preprinted taxpayer's name and social security number.

Step 7: Next, the students were given the form 2106, Employee Business Expenses, after submitting their Schedule SE to the instructor (see Exhibit 9). Again, this form needed to be completed by the students with the exception of the top input line (e.g., information such as taxpayer's name, occupation, and social security number). Of course as with all of the other forms and schedules, the students needed to refer back to the scenario that was originally provided to them plus other allowed references.

Step 8: Now, the instructor could feel the students' energy and excitement as they got closer to the end of the final examination process. Schedule A was the next form which was provided to the students after submitting the Form 2106 (see Exhibit 10). A copy of the support form 2106 showing the correct total for the employee business expenses was attached to Schedule A.

Step 9: Once the students submitted their Schedule A, they were provided with a partially completed form 8863, Education Credits (see Exhibit 11). I choose to provide the students at this time with a check figure on the form 8863 showing the adjusted gross income (see line 3 on the form 8863). Once this step was completed, the students were ready for their last IRS form.

Step 10: Completing the federal income tax Form 1040 was to be the climax of their efforts over a 100 minute final examination period. As with some of the other forms to be completed, the students were also furnished with a copy of the completed Schedule SE solution. The students were also furnished with the preprinted amount of the taxpayer's education credit (see line 49 on the 1040 form) and child tax credit (shown on line 51) on the Form 1040. Giving the students these two final figures (highlighted in yellow) helped to speed up the process but like all of the other preprinted information is at the instructor's option. The same was true for the preprinted line 66 which had been calculated earlier. Now, the student was finished!

From the students' written and oral comments after the examination, the 100 minute final examination was a success. It reduced their anxiety by eliminating the threat of carryover errors from one form or schedule to the next and gave them a great feeling of accomplishment.

CONCLUSION

By administering the final examination using the steps listed earlier, the teacher and students both benefit. First, the students' potential errors were isolated. Errors on any one form or schedule did not carry over to the next part of the final examination. Second, the time it took to analyze and evaluate the entire final examination was reduced since the instructor did not have to trace the errors through the entire final examination process. Without the clutter of carry over errors, it was easier for the instructor to assess the students' understanding and application skills related to tax law. As it is says, it was a win-win situation for both the students and the teacher.

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EXHIBIT 1

FINAL EXAMINATION STUDY GUIDE

Fall Semester, 2013

The following is a list of the forms and schedules students are required to complete during the final examination. You will be asked to fill out each form or schedule in the order listed below. Once you have submitted each completed form or schedule, you will receive the next form or schedule to be completed. When given the new form or schedule, the completed forms or schedules from the previous step will be attached or pertinent information from previous forms or schedules will be inserted into the new form or schedule.

Example: As a first step, you will be asked to complete multiple forms 8949 showing the sales and/or other dispositions of capital assets. Once you have filled out these form and submitted them, you will be asked to complete Schedule D. The Schedule D provided to you will either be blank with attached answers from the first step or pertinent information will be brought forward and inserted into the Schedule D. In this way, cumulative errors will not be carried forward to the next form or schedule.

Form 8949 You will be asked to complete three individual 8949 forms for three capital assets that were sold during the tax year with different lives (both short- and long-term).

Form 8863 You will be asked to complete this form for an education credit if applicable for one or more of the individuals in the tax household (taxpayer, spouse, and/or dependents)

Form 4562 You will be asked to complete this form after being provided a worksheet listing the items you purchased during the tax year. You will have to know how to calculate the depreciation for each asset, a 179 election if elected and applicable, and/or bonus (additional depreciation) if elected or applicable.

Schedule C You will be asked to complete a profit and loss form for their business with the depreciation in box 13 already furnished out.

Schedule D You will be asked to complete a Schedule D using information provided or copies of the 8949 forms filled out by the instructor.

Schedule SE You will be asked to complete a self-employment short tax schedule furnished with the correct amount in box 2 showing the net profit from Schedule C, line 31

Form 2106 You will be asked to complete the employee business expense form(s) for one or both wage earners.

Schedule A You will be asked to complete this form given a check figure for Schedule A, line 21 (2% miscellaneous deductions) and the AGI check figure required for line 2 and 25 on Schedule A.

Form 1040 You will be asked to complete a U.S. Individual Income Tax Return given the check figures for line 12 (business income), line 13 (capital gain), line 27 (deductible part of self-employment tax), line 49 (education credits from Form 8863, line 19), line 56 (self-employment tax from the SE Form), and line 66 (American opportunity credit from Form 8863, line 8).

Exhibit 2

FINAL EXAMINATION, PART 1 – FALL TERM 2013

ACCOUNTING 308 – FEDERAL INDIVIDUAL INCOME TAX
 (See Copyright Reference Note below)

General Directions

Please read the following information carefully. It is recommended that you circle or check off the relative items on this sheet as you use them to complete each form and schedule. As you finish each of the following forms and/or schedules, submit them in the following order (as listed below). In exchange for each completed item, your instructor will provide you with the next form to be completed which reflects the correct answer from the previous submission. You must complete the following forms and schedules in the order provided below. No student can take notes during the test, use a computer, or cell phone. You can use your book for reference and all previous graded cumulative problems during the test and a calculator; but again, you are not allowed to write down any results other than on your test forms and schedules which must be submitted to your instructor. **Print your name clearly on the instruction sheet, each form, schedule, and worksheet. Don't write down anything in your book.**

1. Form 8949 (Two Forms in total; one side for each asset)
2. Schedule D – Capital Gains and Losses (including net long-term capital gain on line 16)
3. Form 4562 – Depreciation and Amortization Form
4. Schedule C – Profit or Loss from Business
5. SE Form – Social Security Form (short form)
6. Form 2106 – Employee Business Expenses form
7. Schedule A – Itemized Deductions schedule
8. Form 8863 – Education Credits form
9. Form 1040 – US Individual Income Tax Return form

Beth R. and Joseph L. Jordan (legally married on January 1, 2013) live at 2322 Sky view Road, Mesa, AZ 85201. Beth is a senior tax accountant with Mesa Manufacturing Company, 1203 Western Avenue, Mesa, AZ 85201 (employer identification number is 11-1234567). Her spouse, Joseph, writes computer software programs for tax practitioners at home. Joseph has two children from a former marriage, Chelsea (SS# 123-45-9078) and Sandra (123-45-7890). His former wife died last year, and Joseph and the two children received each \$1,000,000 as the beneficiaries of her life insurance policy on December, 2012. Beth social security number is 131-01-8589 and Joseph's is 123-45-6789.

Chelsea is 16 years old, living at home but temporarily at school, and has a part-time job. Her 2013 W-2 shows gross income of \$12,000 fighting wild fires in Arizona during the summer. She attends Slippery Rock University (1 Morrow Way, Slippery Rock, PA 16057) as a full-time student pursuing a BS degree in accounting. She lives on campus and pays for her own dorm and room, \$4000. The parents paid her tuition, \$6,000, and Chelsea received a 1098-T supporting the amount of tuition. SRU Federal ID number is 683214567. The university's address is 1 Morrow Way, Slippery Rock, PA 16057. This is her first semester of college.

Sandra, Joseph's oldest daughter, is 25 years old as of December 31, 2013, and worked only part-time after graduating from college in 2012. Sandra moved out of the house before the end of the previous year and bought herself a condo using part of her inheritance. Her parents did help with expenses (\$10,000) until she is able to find a better paying job. Sandra made only \$5,000 in 2013 as reported in box 1 on the W-2.

Beth and Joseph both want to contribute \$3 to the Presidential Election Campaign Fund. Beth wants to be listed first on the return as in previous years.

The following information is shown on Beth's Wage and Tax Statement (Form W-2) for 2012:

1. Wages	\$63,000.00
2. Federal income tax withheld	10,500.00
3. Social Security wages	63,000.00
4. Social Security tax withheld	3,906.00
5. Medicare wages	63,000.00
6. Medicare tax withheld	913.50
15. State	Arizona
16. State wages	63,000.00
17. State income tax withheld	1,650.00

In addition to the amount withheld for federal and state income tax, the couple also made total payments of \$1,000 for their 2013 federal estimated taxes. During 2013, Beth received interest of \$1,200 from Arizona Federal Savings and Loan and \$100 from a CD at Arizona State Bank. Each financial institution reported the interest income on a form 1099-INT. In addition, Beth received bond interest of \$1,000 from an ABC School District located in Arizona. Beth also received regular/qualified dividends of \$800 from Blue Corporation reported on a 1099-DIV form.

Beth received a \$1,100 income tax refund from the State of Arizona on April 29 of 2013. On her 2012 Federal income tax return, she reported total itemized deductions of \$9,200, which included \$600 of state income tax withheld by her employer. She was single in 2012 with no dependents.

On February 8, 2013, Beth bought 500 shares of Gray Corporation common stock for \$17.60 a share. On September 12, 2013, Beth sold all of the stock for \$14 a share. Beth did receive a 1099-B Substitute form from the broker stating the cost and sale price of the stock.

Beth bought a used sport utility vehicle for \$6,000 on June 5, 2013. She purchased the vehicle from her new brother-in-law, who was unemployed and was in need of cash. On November 2, 2013, she sold the vehicle to a friend for \$6,500. There was "no" 1099 issued with the personal purchase and/or sale of this capital asset.

On January 2, 2011, Beth acquired 100 shares of Blue Corporation common stock for \$30 a share. She sold the stock on December 19, 2013, for \$55 a share. Beth did receive a 1099-B Substitute form from the broker stating the cost and

net sale price of the stock sold.

During 2013, Joseph received royalties of \$16,000 on a software program he had written. Joseph incurred the following expenditures in connection with his software-writing activities:

Cost of personal computer bought this year (100% business use)	\$7,000
Cost of printer bought this year (100% business use)	2,000
Furniture bought this year	3,000
Supplies bought and used this year	650
Fee paid to contract labor this year	3,500

Joseph elected to expense the maximum amount of the cost for the computer and printer allowed under Section 179. Beth did not elect the bonus (additional) depreciation on any item. She also didn't "elect" Section 179 on the furniture. His federal employer ID number for the business was 123456789. His business activity code is 511210 as a software publisher. Joseph materially participates in the business, his capital investment is all at risk, his records are kept on the cash basis, and no one contractor received more than \$600; therefore, no 1099s had to be issued. Joseph also chose not to take a home office deduction at this time.

Beth's employer asked that Beth attend a convention on current developments in corporate taxation. She was **not** reimbursed for her travel of \$1,220 and meal expenses of \$200 she incurred in attending the convention. She also gave her boss a \$100 gift certificate for Christmas.

During the tax year, Beth paid \$300 for prescription medicines and \$2,875 for doctor and hospital bills. The employer paid all of Beth's medical insurance premiums. She also had optional/voluntary cosmetic surgery completed on her nose for \$5,000. Beth paid real property taxes of \$1,766 on her home. Interest on her personal home was \$3,845. It was reported on a 1098 mortgage interest form. The couple also paid personal credit card interest of \$320. Beth also contributed \$30 each week to her church and \$10 each week to her sick Aunt.

Beth professional dues and subscriptions totaled \$350. Beth and Joseph retained their sales tax receipts totaling \$2,058. Joseph also paid monthly golf course fees of \$50 per month to the Arizona country club in their city used to entertain customers.

Two What if Questions:

1. If the daughter, Chelsea, was 17 as of December 31, 2013, how much is the dollar change in line 55? _____ Was this an increase or decrease? _____
2. How much of education credit would be reported on the 1040, line 49, if Beth was also attending college pursuing a masters on a part-time basis with educational expenses of \$2,000? _____

Reference Note: This scenario was adapted from a cumulative problem furnished by Hoffman and Smith (2014).

Form **8949**

Sales and Other Dispositions of Capital Assets

OMB No. 1545-0074

2013
Attachment
Sequence No. **12A**

Department of the Treasury
Internal Revenue Service

► Information about Form 8949 and its separate instructions is at www.irs.gov/form8949.
► File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.

Name(s) shown on return

Social security number or taxpayer identification number

BETH R & JOSEPH L JORDAN

131-01-8589

Most brokers issue their own substitute statement instead of using Form 1099-B. They also may provide basis information (usually your cost) to you on the statement even if it is not reported to the IRS. Before you check Box A, B, or C below, determine whether you received any statement(s) and, if so, the transactions for which basis was reported to the IRS. Brokers are required to report basis to the IRS for most stock you bought in 2011 or later.

Part I Short-Term. Transactions involving capital assets you held one year or less are short term. For long-term transactions, see page 2.

Note. You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 1a; you are not required to report these transactions on Form 8949 (see instructions).

You must check Box A, B, or C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (A)** Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)
- (B)** Short-term transactions reported on Form(s) 1099-B showing basis was **not** reported to the IRS
- (C)** Short-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see Column (f) in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	GRAY CORPORATION	02/08/2013	09/12/2013	7,000	8,800			(1,800)
2 Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 1b (if Box A above is checked), line 2 (if Box B above is checked), or line 3 (if Box C above is checked) ►								
				7,000	8,800			(1,800)

Note. If you checked Box A above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See Column (g) in the separate instructions for how to figure the amount of the adjustment.

**SCHEDULE D
(Form 1040)**

Capital Gains and Losses

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040 or Form 1040NR.
▶ Information about Schedule D and its separate instructions is at www.irs.gov/scheduled.
▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

2013
Attachment
Sequence No. **12**

Name(s) shown on return

BETH R & JOSHEPH L JORDAN

Your social security number

131-01-8589

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

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b .				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked	7000	8800		(1800)
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked	6500	6000		500
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 in the instructions				6 ()
7 Net short-term capital gain or (loss) . Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back				7 (1300)

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

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b .				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked	5500	3000		2500
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked.				
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 the instructions				13
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions				14 ()
15 Net long-term capital gain or (loss) . Combine lines 8a through 14 in column (h). Then go to Part III on the back				15 2500

Part III Summary

16	Combine lines 7 and 15 and enter the result	16	1200
	<ul style="list-style-type: none"> • If line 16 is a gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. • If line 16 is a loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. • If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22. 		
17	Are lines 15 and 16 both gains? <input type="checkbox"/> Yes. Go to line 18. <input type="checkbox"/> 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 in the instructions . . . ▶	18	
19	Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions ▶	19	
20	Are lines 18 and 19 both zero or blank? <input type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). Do not complete lines 21 and 22 below. <input type="checkbox"/> No. Complete the Schedule D Tax Worksheet in 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, or Form 1040NR, line 14, the smaller of: <ul style="list-style-type: none"> • 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, or Form 1040NR, line 10b? <input type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). <input type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.		

Form **4562**

**Depreciation and Amortization
(Including Information on Listed Property)**

OMB No. 1545-0172

2012

Attachment
Sequence No. **179**

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

JOSEPH L JORDAN

SCHEDULE C BUSINESS

131-01-8589

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	12,000
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	COMPUTER	7,000	7,000
	PRINTER	2,000	2,000
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	9,000
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	9,000
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	11,421
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	9,000
13	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2012 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		0	5.00	HY	200DB	0
c 7-year property		3,000	7.00	HY	200DB	429
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	9,429
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

**SCHEDULE C
(Form 1040)**

**Profit or Loss From Business
(Sole Proprietorship)**

OMB No. 1545-0074

2013
Attachment
Sequence No. **09**

Department of the Treasury
Internal Revenue Service (99)

▶ For information on Schedule C and its instructions, go to www.irs.gov/schedufec.
▶ Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

Name of proprietor JOSEPH L JORDAN		Social security number (SSN) 123-45-6789
A Principal business or profession, including product or service (see instructions) SOFTWARE DEVELOPER		B Enter code from instructions ▶ 5 4 1 5 1 0
C Business name. If no separate business name, leave blank.		D Employer ID number (EIN), (see instr.) 1 2 3 4 5 6 7 8 9
E Business address (including suite or room no.) ▶ 1203 WESTERN AVENUE City, town or post office, state, and ZIP code MESA AZ 85201		
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶		
G Did you "materially participate" in the operation of this business during 2013? If "No," see instructions for limit on losses		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
H If you started or acquired this business during 2013, check here		<input type="checkbox"/>
I Did you make any payments in 2013 that would require you to file Form(s) 1099? (see instructions)		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
J If "Yes," did you or will you file required Forms 1099?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked ▶ <input type="checkbox"/>	1	16,000	
2 Returns and allowances	2		
3 Subtract line 2 from line 1	3	16,000	
4 Cost of goods sold (from line 42)	4		
5 Gross profit. Subtract line 4 from line 3	5	16,000	
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6		
7 Gross income. Add lines 5 and 6 ▶	7	16,000	

Part II Expenses

Enter expenses for business use of your home only on line 30.

8 Advertising	8			18 Office expense (see instructions)	18		
9 Car and truck expenses (see instructions).	9			19 Pension and profit-sharing plans	19		
10 Commissions and fees	10			20 Rent or lease (see instructions):			
11 Contract labor (see instructions)	11	3,500		a Vehicles, machinery, and equipment	20a		
12 Depletion	12			b Other business property	20b		
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	13	9,429		21 Repairs and maintenance	21		
14 Employee benefit programs (other than on line 19)	14			22 Supplies (not included in Part III)	22	650	
15 Insurance (other than health)	15			23 Taxes and licenses	23		
16 Interest:				24 Travel, meals, and entertainment:			
a Mortgage (paid to banks, etc.)	16a			a Travel	24a		
b Other	16b			b Deductible meals and entertainment (see instructions)	24b		
17 Legal and professional services	17			25 Utilities	25		
28 Total expenses before expenses for business use of home. Add lines 8 through 27a ▶	28			26 Wages (less employment credits)	26		
29 Tentative profit or (loss). Subtract line 28 from line 7	29			27a Other expenses (from line 48)	27a		
30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). Simplified method filers only: enter the total square footage of: (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30			b Reserved for future use	27b		
31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2 . (If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3 . • If a loss, you must go to line 32.	31			32a <input checked="" type="checkbox"/> All investment is at risk. 32b <input type="checkbox"/> Some investment is not at risk.		2,421	
32 If you have a loss, check the box that describes your investment in this activity (see instructions). • If you checked 32a, enter the loss on both Form 1040, line 12 , (or Form 1040NR, line 13) and on Schedule SE, line 2 . (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on Form 1041, line 3 . • If you checked 32b, you must attach Form 6198 . Your loss may be limited.							

**SCHEDULE SE
(Form 1040)**

Self-Employment Tax

OMB No. 1545-0074

2013
Attachment
Sequence No. **17**

Department of the Treasury
Internal Revenue Service (99)

▶ Information about Schedule SE and its separate instructions is at www.irs.gov/schedulese.

▶ Attach to Form 1040 or Form 1040NR.

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

Social security number of person
with self-employment income ▶

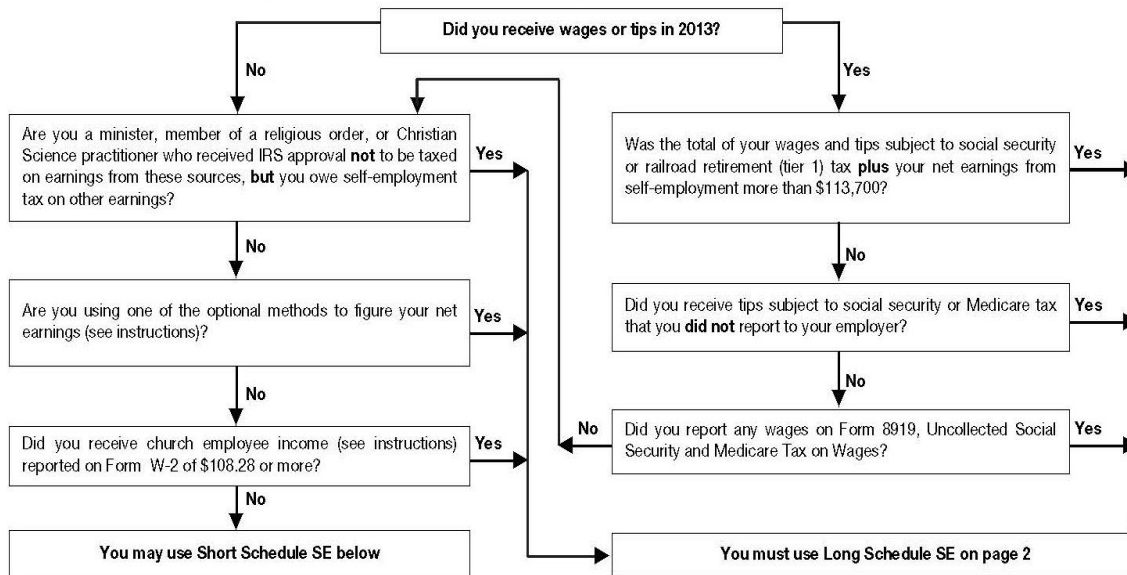
JOSEPH L JORDAN

123-45-6789

Before you begin: To determine if you must file Schedule SE, see the instructions.

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* in the instructions.



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

1a	Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1a	
b	If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code Z	1b	()
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see instructions for types of income to report on this line. See instructions for other income to report	2	2421
3	Combine lines 1a, 1b, and 2	3	2421
4	Multiply line 3 by 92.35% (.9235). If less than \$400, you do not owe self-employment tax; do not file this schedule unless you have an amount on line 1b ▶ Note. If line 4 is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.	4	2236
5	Self-employment tax. If the amount on line 4 is: • \$113,700 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 56, or Form 1040NR, line 54 • More than \$113,700, multiply line 4 by 2.9% (.029). Then, add \$14,098.80 to the result. Enter the total here and on Form 1040, line 56, or Form 1040NR, line 54	5	342
6	Deduction for one-half of self-employment tax. Multiply line 5 by 50% (.50). Enter the result here and on Form 1040, line 27, or Form 1040NR, line 27	6	171

Form **2106**

Employee Business Expenses

OMB No. 1545-0074

2013

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040 or Form 1040NR.
▶ Information about Form 2106 and its separate instructions is available at www.irs.gov/form2106.

Attachment
Sequence No. **129**

Your name BETH R JORDAN	Occupation in which you incurred expenses SENIOR TAX ACCOUNTANT	Social security number 131 01 8589
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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.)		
2 Parking fees, tolls, and transportation, including train, bus, etc., that did not involve overnight travel or commuting to and from work		
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment		
4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment	1,570	
5 Meals and entertainment expenses (see instructions)		200
6 Total expenses. In Column A, add lines 1 through 4 and enter the result. In Column B, enter the amount from line 5	1,570	200

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 or Form 1040NR)

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 (or on Form 1040NR, line 8)	1,570	200
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 80% (.80) instead of 50%. For details, see instructions.)	1,570	100
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 21 (or on Schedule A (Form 1040NR), line 7). (Armed Forces 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.) ▶	1,570	1,670

**SCHEDULE A
(Form 1040)**

Itemized Deductions

OMB No. 1545-0074

2013

Attachment
Sequence No. **07**

Department of the Treasury
Internal Revenue Service (99)

▶ Information about Schedule A and its separate instructions is at www.irs.gov/schedulea.

▶ Attach to Form 1040.

Name(s) shown on Form 1040

Your social security number

BETH R & JOSEPH L JORDAN

131-01-8589

Medical and Dental Expenses		Caution. Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see instructions)	1	3,175		
2	Enter amount from Form 1040, line 38	2	69,150		
3	Multiply line 2 by 10% (.10). But if either you or your spouse was born before January 2, 1949, multiply line 2 by 7.5% (.075) instead	3	6,915		
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4			0
Taxes You Paid		5 State and local (check only one box):			
a	<input type="checkbox"/> Income taxes, or	5	2,058		
b	<input checked="" type="checkbox"/> General sales taxes				
6	Real estate taxes (see instructions)	6	1,766		
7	Personal property taxes	7			
8	Other taxes. List type and amount ▶	8			
9	Add lines 5 through 8	9			3,824
Interest You Paid		10 Home mortgage interest and points reported to you on Form 1098			
		10	3,845		
Note. Your mortgage interest deduction may be limited (see instructions).		11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ▶			
		11			
12	Points not reported to you on Form 1098. See instructions for special rules	12			
13	Mortgage insurance premiums (see instructions)	13			
14	Investment interest. Attach Form 4952 if required. (See instructions.)	14			
15	Add lines 10 through 14	15			3,845
Gifts to Charity		16 Gifts by cash or check. If you made any gift of \$250 or more, see instructions.			
		16	1,560		
If you made a gift and got a benefit for it, see instructions.		17 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500			
		17			
18	Carryover from prior year	18			
19	Add lines 16 through 18	19			1,560
Casualty and Theft Losses		20 Casualty or theft loss(es). Attach Form 4684. (See instructions.)			
20		20			
Job Expenses and Certain Miscellaneous Deductions		21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ▶			
		21	1,670		
22	Tax preparation fees	22			
23	Other expenses—investment, safe deposit box, etc. List type and amount ▶	23			
24	Add lines 21 through 23	24	1,670		
25	Enter amount from Form 1040, line 38	25	69,150		
26	Multiply line 25 by 2% (.02)	26	1,383		
27	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	27			287
Other Miscellaneous Deductions		28 Other—from list in instructions. List type and amount ▶			
		28			
Total Itemized Deductions		29 Is Form 1040, line 38, over \$150,000?			
		<input checked="" type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40.		29	9,516
		<input type="checkbox"/> Yes. Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.			
30	If you elect to itemize deductions even though they are less than your standard deduction, check here				

Form **8863**

**Education Credits
(American Opportunity and Lifetime Learning Credits)**

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service (99)

▶ Information about Form 8863 and its separate instructions is at www.irs.gov/form8863.
▶ Attach to Form 1040 or Form 1040A.

2013
Attachment
Sequence No. **50**

Name(s) shown on return

Your social security number

BETH R & JOSEPH L JORDAN

131 01 8589



Complete a separate Part III on page 2 for each student for whom you are claiming either credit before you complete Parts I and II.

Part I Refundable American Opportunity Credit

1	After completing Part III for each student, enter the total of all amounts from all Parts III, line 30	1	2500
2	Enter: \$180,000 if married filing jointly; \$90,000 if single, head of household, or qualifying widow(er)	2	180000
3	Enter the amount from Form 1040, line 38, or Form 1040A, line 22. 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	3	69150
4	Subtract line 3 from line 2. If zero or less, stop ; you cannot take any education credit	4	110850
5	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)	5	20000
6	If line 4 is: • Equal to or more than line 5, enter 1.000 on line 6 • Less than line 5, divide line 4 by line 5. Enter the result as a decimal (rounded to at least three places)	6	1.0000
7	Multiply line 1 by line 6. Caution: If you were under age 24 at the end of the year and meet the conditions described in the instructions, you cannot take the refundable American opportunity credit; skip line 8, enter the amount from line 7 on line 9, and check this box <input type="checkbox"/>	7	2500
8	Refundable American opportunity credit. Multiply line 7 by 40% (.40). Enter the amount here and on Form 1040, line 66, or Form 1040A, line 40. Then go to line 9 below.	8	1000

Part II Nonrefundable Education Credits

9	Subtract line 8 from line 7. Enter here and on line 2 of the Credit Limit Worksheet (see instructions)	9	1500
10	After completing Part III for each student, enter the total of all amounts from all Parts III, line 31. If zero, skip lines 11 through 17, enter -0- on line 18, and go to line 19	10	0
11	Enter the smaller of line 10 or \$10,000	11	
12	Multiply line 11 by 20% (.20)	12	
13	Enter: \$127,000 if married filing jointly; \$63,000 if single, head of household, or qualifying widow(er)	13	
14	Enter the amount from Form 1040, line 38, or Form 1040A, line 22. 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	14	
15	Subtract line 14 from line 13. If zero or less, skip lines 16 and 17, enter -0- on line 18, and go to line 19	15	
16	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)	16	
17	If line 15 is: • Equal to or more than line 16, enter 1.000 on line 17 and go to line 18 • Less than line 16, divide line 15 by line 16. Enter the result as a decimal (rounded to at least three places)	17	.
18	Multiply line 12 by line 17. Enter here and on line 1 of the Credit Limit Worksheet (see instructions) ▶	18	0
19	Nonrefundable education credits. Enter the amount from line 7 of the Credit Limit Worksheet (see instructions) here and on Form 1040, line 49, or Form 1040A, line 31	19	1500

Form **1040** Department of the Treasury—Internal Revenue Service (99) **2013** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2013, or other tax year beginning _____, 2013, ending _____, 20

Your first name and initial **BETH R** Last name **JORDAN** Your social security number **1 3 1 0 1 8 5 8 9**
 If a joint return, spouse's first name and initial **JOSEPH L** Last name **JORDAN** Spouse's social security number **1 2 3 4 5 6 7 8 9**

Home address (number and street). If you have a P.O. box, see instructions. **2322 SKYVIEW ROAD** Apt. no. **▲ Make sure the SSN(s) above and on line 6c are correct.**

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). **MESA AZ 85201**
 Foreign country name _____ Foreign province/state/county _____ Foreign postal code _____
Presidential Election Campaign
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. You Spouse

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

Exemptions
 6a Yourself. If someone can claim you as a dependent, do not check box 6a
 b Spouse
 c Dependents:
 (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) if child under age 17 qualifying for child tax credit (see instructions)
CHELSEA JORDAN 1 2 3 4 5 7 8 9 0 DAUGHTER
 If more than four dependents, see instructions and check here
 Boxes checked on 6a and 6b **2**
 No. of children on 6c who:
 • lived with you **1**
 • did not live with you due to divorce or separation (see instructions)
 Dependents on 6c not entered above
 Add numbers on lines above ▶ **3**

Income

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	63,000
8a	Taxable interest. Attach Schedule B if required	8a	1,300
b	Tax-exempt interest. Do not include on line 8a	8b	1,000
9a	Ordinary dividends. Attach Schedule B if required	9a	800
b	Qualified dividends	9b	800
10	Taxable refunds, credits, or offsets of state and local income taxes	10	600
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	2,421
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	1,200
14	Other gains or (losses). Attach Form 4797	14	
15a	IRA distributions	15a	
b	Taxable amount	15b	
16a	Pensions and annuities	16a	
b	Taxable amount	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits	20a	
b	Taxable amount	20b	
21	Other income. List type and amount	21	
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	69,321

Adjusted Gross Income

23	Educator expenses	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25	Health savings account deduction. Attach Form 8889	25	
26	Moving expenses. Attach Form 3903	26	
27	Deductible part of self-employment tax. Attach Schedule SE	27	171
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN ▶	31a	
32	IRA deduction	32	
33	Student loan interest deduction	33	
34	Tuition and fees. Attach Form 8917	34	
35	Domestic production activities deduction. Attach Form 8903	35	
36	Add lines 23 through 35	36	171
37	Subtract line 36 from line 22. This is your adjusted gross income ▶	37	69,150

Form 1040 (2013)		Page 2	
Tax and Credits	38 Amount from line 37 (adjusted gross income)	38	69,150
	39a Check <input type="checkbox"/> You were born before January 2, 1949, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1949, <input type="checkbox"/> Blind. Total boxes checked ▶ 39a <input type="checkbox"/>		
	b If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b <input type="checkbox"/>		
Standard Deduction for—	40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	12,200
• People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.	41 Subtract line 40 from line 38	41	56,950
• All others: Single or Married filing separately, \$6,100	42 Exemptions. If line 38 is \$150,000 or less, multiply \$3,900 by the number on line 6d. Otherwise, see instructions	42	11,700
Married filing jointly or Qualifying widow(er), \$12,200	43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	45,250
Head of household, \$8,950	44 Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>	44	5,595
	45 Alternative minimum tax (see instructions). Attach Form 6251	45	
	46 Add lines 44 and 45	46	5,595
	47 Foreign tax credit. Attach Form 1116 if required	47	
	48 Credit for child and dependent care expenses. Attach Form 2441	48	
	49 Education credits from Form 8863, line 19	49	1,500
	50 Retirement savings contributions credit. Attach Form 8880	50	
	51 Child tax credit. Attach Schedule 8812, if required	51	1,000
	52 Residential energy credits. Attach Form 5695	52	
	53 Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	53	
	54 Add lines 47 through 53. These are your total credits	54	2,500
	55 Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-	55	3,095
Other Taxes	56 Self-employment tax. Attach Schedule SE	56	342
	57 Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	57	
	58 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	58	
	59a Household employment taxes from Schedule H	59a	
	b First-time homebuyer credit repayment. Attach Form 5405 if required	59b	
	60 Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s)	60	
	61 Add lines 55 through 60. This is your total tax	61	3,437
Payments	62 Federal income tax withheld from Forms W-2 and 1099	62	10,500
	63 2013 estimated tax payments and amount applied from 2012 return	63	1,000
	64a Earned income credit (EIC)	64a	
	b Nontaxable combat pay election 64b	64b	
	65 Additional child tax credit. Attach Schedule 8812	65	
	66 American opportunity credit from Form 8863, line 8	66	1,000
	67 Reserved	67	
	68 Amount paid with request for extension to file	68	
	69 Excess social security and tier 1 RRTA tax withheld	69	
	70 Credit for federal tax on fuels. Attach Form 4136	70	
	71 Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> 8885 d <input type="checkbox"/>	71	
	72 Add lines 62, 63, 64a, and 65 through 71. These are your total payments	72	12,500
Refund	73 If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid	73	9,063
	74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	74a	9,063
Direct deposit? See instructions.	b Routing number ▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number		
	75 Amount of line 73 you want applied to your 2014 estimated tax ▶ 75	75	
Amount You Owe	76 Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions	76	
	77 Estimated tax penalty (see instructions)	77	
Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input checked="" type="checkbox"/> No		
	Designee's name ▶	Phone no. ▶	Personal identification number (PIN) ▶
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Joint return? See instructions. Keep a copy for your records.	Your signature ▶	Date ▶	Your occupation ▶
	Spouse's signature. If a joint return, both must sign. ▶	Date ▶	Spouse's occupation ▶
			Daytime phone number ▶
			If the IRS sent you an Identity Protection PIN, enter it here (see inst.) ▶
Paid Preparer Use Only	Print/Type preparer's name ▶	Preparer's signature ▶	Date ▶
	Firm's name ▶ STUDENT'S NAME	Firm's EIN ▶	Check <input type="checkbox"/> if self-employed
	Firm's address ▶	Phone no. ▶	PTIN ▶