

## Practice Return 2

This return begins just like the first practice return. According to the Interview Sheet, the taxpayer is claiming three of his children. You note that none of these children have his last name. What questions will you ask this taxpayer concerning the dependents he is claiming? Should you ask questions about his marital status? How will you document this?

- i While you are performing this exercise, imagine situations that make his claims reasonable (complete, consistent and correct answers that you can reasonably accept).
- i Next, imagine unreasonable answers (inconsistent, incomplete and incorrect). What should you do if the answers do not add up?

### Child Care Credit

Child Care credit is not uncommon, which is why it is included in your training examples.

In addition to completing the Interview Sheet, which **MUST BE SIGNED**, the customer must complete the Child Care Worksheet. Before accepting any of the worksheets, ensure that they are completed in the customer's handwriting and signed and dated by the customer.

There are two key points to remember in ensuring your tax credit for child care expenses are computed correctly. One is to make it a practice to examine the lower left box on the Interview Sheet. The second point is to enter the data correctly. If the credit did not carry over to the tax return, perhaps the following list of possible reasons why could solve the mystery:

#### Why Child Care Credit did not Calculate?

- i Taxpayer had no taxable income
- i The dependent is age 13 or older and is not disabled
- i If a Married Filing Joint return, both parents must have earned income
- i Filing status "Married Filing Separate" does not qualify for tax credits
- i Data pertaining to the child care credit is incomplete or entered inaccurately

# INTERVIEW SHEET

## TAXPAYER INFORMATION

Rev. 10/2010

<b>SOCIAL SECURITY #</b> 427- -7894	<b>1.Filing Status</b> Single MFJ MFS <input checked="" type="checkbox"/> HOH Widow (er)	<b>Date Of Birth (DOB)</b> 11/17/1988
<b>Number of Exemptions</b> 4 <small>(Taxpayer=1, Spouse=1, each Dependent=1)</small>	Can you be claimed as a dependent on another person's tax return? Yes <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
<b>FIRST NAME</b> Ted	<b>LAST NAME</b> Jones	<b>OCCUPATION</b> Supervisor
<b>Mailing Address</b> <input checked="" type="checkbox"/> Rent <input type="checkbox"/> Own 14 Main Street		<b>HOME PHONE #</b> 709-925-5555
<b>CITY/STATE/ZIP</b> Jackson, MS 39213	<b>DAY PHONE #</b> 709-925-6666	<b>CELL PHONE #</b> 709-925-7777
<b>Refund Option</b> <input checked="" type="checkbox"/> IRAL <input type="checkbox"/> RAL <input type="checkbox"/> ERC <input type="checkbox"/> DIRECT DEPOSIT <input type="checkbox"/> MAIL-IN		<b>Are you or a member of your household in the military?</b> Yes <input type="checkbox"/> NO <input checked="" type="checkbox"/>

**SPOUSE INFORMATION** If filing a MFJ or MFS, or Qualifying Widower, you must complete the following:

<b>SPOUSE'S NAME</b>	<b>SOCIAL SECURITY NUMBER</b>	<b>OCCUPATION</b>
<b>SPOUSE'S ADDRESS</b>	<b>DATE OF BIRTH</b>	<b>DATE OF DEATH</b>

**DEPENDENT INFORMATION** You are not limited to three dependents. Use back of page and tell your preparer.

FIRST NAME	LAST NAME	SOCIAL SECURITY NUMBER	BIRTHDATE	RELATIONSHIP	# OF MONTHS LIVED IN HOME	AGE OF CHILD	FULLTIME STUDENT	DISABLED	PAID CHILD CARE FOR
James	Wilkins	425-89-1234	3/10/1999	SON	12	10			X
Mary	Scott	587-45-7894	5/18/2001	Daughter	12	8			X
David	Wilkins	427-89-5678	3/7/2000	Son	12	9			X

CHECK THE BOXES BELOW
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> NO You paid child care for dependent
Yes <input checked="" type="checkbox"/> NO You paid college expenses for you or a dependent
Yes <input checked="" type="checkbox"/> NO You purchased a home in 2009
Yes <input checked="" type="checkbox"/> NO You have deductions to itemize
Yes <input checked="" type="checkbox"/> NO You have other sources of income (1099's, etc)
<b>1</b> # Of W-2 forms from different employers

COULD YOU PROVIDE THE FOLLOWING ?
Yes <input type="checkbox"/> NO <input type="checkbox"/> IF the dependent is <b>not</b> your natural child, Birth Certificates, marriage certificates, OR foster child papers?
Yes <input type="checkbox"/> NO <input type="checkbox"/> If the dependent is a student over age 19, school records proving the child was a full-time student?
Yes <input type="checkbox"/> NO <input type="checkbox"/> If your dependent is disabled, do you have written verification from a medical authority?
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> NO <input type="checkbox"/> School, doctor records, etc., proving the child lived with you?

I have read the "Consent to Use of Tax Return Information" form prior to signing.  
 With my signature below I am verifying the tax information given to prepare my taxes is true. I release the owners and employees of my tax preparation office from having any knowledge of fraudulent tax claims.

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

Form W-2

Wage and Tax Statement

a. Employee's Social Security Number 427-00-7894 Corrected W-2 <input type="checkbox"/>		1 Wages ( ) ( ) 19,500		2 Fed Tax Withheld 600		
b. Employer's Identification Number 84-1024556		3 SS Wages ( ) 19,500		4 SS Tax Withheld 1,209		
c. Employer's Name, Address, ZIP Code DEPT DEPT OF TRANSPORTATION 25 DIRT ROAD DENVER CO 80227-0000		5 Medicare Wages 19,500		6 Medicare Tax Wh. 283		
		7 Soc Sec Tips		8 Allocated Tips		
		9 Adv EIC Paymnt		10 Dep Care Benefits		
d. Control Number		11 Non-Qual Plans		12 Employer Use  RRTA T1 / T2		
e. Employee's Name, address & ZIP code TED JONES 14 MAIN STREET JACKSON MS 39213-0000		13 a( ) b( ) c( )				14 Other
15 State Employer ID CO 841024556	16 State Wages/Tips 19,500	17 State Tax W/hld 150	State Use	18 Local Wages/Tips	19 Local Tax W/hld	20 Locality Name

Standard/Non-Standard W-2  Voluntary SDI:  SDI:

**CHILD CARE CREDIT WORKSHEET**  
FORM 2441

Qualifying persons are children under age 13 or disabled dependents

List qualifying Persons and the expenses for each			
First Name	Last Name	SSN	Total Expenses for the year for that child
James	Wilkins	425-78-1234	\$ 1200.00
Mary	Scott	587-45-7894	\$ 1200.00
David	Wilkins	427-89-5678	\$ 1200.00

Did your employer pay any of these expenses or reimburse you for day care expenses: YES X NO

CARE PROVIDER #1			
Name of Day Care Center or Individual	<b>Fun for All Day Care</b>	SSN or EIN	<b>64-1234567</b>
Address	<b>123 Funtime Road</b>		
City/ST/Zip	<b>Canton, MS 39106</b>	Total Amount Paid	<b>\$3600.00</b>

# EARNED INCOME CREDIT ADDITIONAL DOCUMENTATION

Complete the following questions, as applicable.

1. If the dependent is **not** your natural child, enter documents available to prove relationship ( credentials could include birth certificates, adoption records, foster care papers or marriage certificates as necessary).

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2. If the dependent is a student between the ages of 19 and 24, enter documents available to prove the dependent was enrolled full-time at a school for at least five months of the tax year.

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3. If the dependent is disabled, list the documents from authorized medical/government sources proving disability.

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4. List documents available showing the child/children lived with the taxpayer for more than six months. (documents include school records, medical records, rent/lease contracts, or letters from a professional)

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5. In cases where there is a seemingly unreasonable age difference between the taxpayer and the dependent, explain.

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6. If the **taxpayer** is under age 19, explain how he or she is not a qualifying child of another person.

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The information supplied by the taxpayer and their answers to additional inquiries appears to be correct, consistent, complete and reasonable.

Tax Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_

**Taxpayer Name:** Ted Jones

**SSN:** 427-11-7894

Tax Return Summary



**Taxpayer Name:** Ted Jones

**SSN:** 427-11-7894

<b>2009 Federal 1040A Tax Return:</b>	<b>Actual</b>	<b>Estimated</b>
Gross Income:	\$19,500.00	\$19,500.00
Adjustments to Income:	\$0.00	\$0.00
Adjusted Gross Income:	\$19,500.00	\$19,500.00
Deductions:	\$8,350.00	\$8,350.00
Exemptions:	\$14,600.00	\$14,600.00
Taxable Income:	\$0.00	\$-3,450.00
Tax:	\$0.00	\$0.00
Credits:	\$0.00	\$0.00
Other Taxes:	\$0.00	\$0.00
Total Tax:	\$0.00	\$0.00
Tax Payments:	\$600.00	\$600.00
Making Work Pay Credit:	\$400.00	\$400.00
Earned Income Credit:	\$5,003.00	\$5,003.00
Additional Child Tax Credit:	\$2,475.00	\$2,475.00
Refundable Education Credit:	\$0.00	\$0.00
First Time Home Buyer Credit:	\$0.00	\$0.00
Refund Amount:	\$8,478.00	\$8,478.00
<b>Colorado Resident Tax Return:</b>		
Taxable Income:	\$-3,450.00	
Total Tax:	\$0.00	
Refund Amount:	\$150.00	
<b>Non-Resident Tax Return:</b>		
Taxable Income:	\$0.00	
Total Tax:	\$0.00	
Refund Amount:	\$0.00	