

PRACTICE RETURN 5

This practice return adds Schedule A (Itemized Deductions) and a spouse. When there is a spouse, the taxpayer must file either Married Filing Joint OR Married Filing Separate if the taxpayer and spouse lived together during the prior year.

No tax return should be transmitted unless the signed Sch A form is included in the folder. THIS FORM MUST BE IN THE CUSTOMER'S OWN HANDWRITING AND MUST MATCH THE COMPUTER'S DATA.

Medical/Dental

For the taxpayer, spouse (if filing a joint return) and each dependent, medical and dental expenses incurred during the tax year can be claimed. These include health insurance and all prescribed, allowable medical and dental costs incurred during the tax year.

Taxes

- i State income taxes withheld will default to the Schedule A form.
- i For those who own a home, Real Estate Taxes paid can be claimed.
- i Personal Property taxes could include part of the annual car tag fee. You can include the part that was based on the car's value, such as the Ad Valorem fee.

Interest you Paid

Note, this is only mortgage interest paid on a residence. This is **not** interest on revolving credit card accounts or installment loans such as vehicle loans. Taxpayers may pay mortgage interest on their homes. They will bring in a 1098 form (usually). You are to total the different 1098 forms and enter the amount only once on the form. DO NOT DUPLICATE THE MONEY PAID IN INTEREST.

Gifts to Charity

- i For charitable contributions of money (check or cash) the taxpayer must have written, valid documentation, which includes bank records and/or written documents from the qualified charitable organization.
- i If the taxpayer donated clothing or furniture in good condition to a qualified organization, they may be able to claim this contribution. If the deductions exceed \$500.00, a separate worksheet, form 8283, must be completed.

Unreimbursed Employee Business Expenses

- i Have customer complete the Form 2106 worksheet. Self-Explanatory. Please note: the IRS will audit each tax return that claims excessive mileage.

Gambling Losses cannot exceed gambling income.

INTERVIEW SHEET

(modified for training purposes)

SOCIAL SECURITY # 428- -7985	1.Filing Status Single <input checked="" type="checkbox"/> MFJ MFS HOH Widow (er)	Date Of Birth (DOB) 9/10/1967
Number of Exemptions 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"/>	
FIRST NAME Brian	LAST NAME Williams	OCCUPATION Carpenter
Mailing Address <input checked="" type="checkbox"/> Rent <input type="checkbox"/> Own 456 Flower Lane		HOME PHONE # 404-925-5456
CITY/STATE/ZIP Clinton, MS 39056	DAY PHONE # 678-925-6345	CELL PHONE # 678-925-4567
Refund Option IRAL RAL <input checked="" type="checkbox"/> ERD DIRECT DEPOSIT MAIL-IN		Are you or a member of your household in the military? 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:

SPOUSE'S NAME Susan Williams	SOCIAL SECURITY NUMBER 789-98-1265	OCCUPATION Secretary
SPOUSE'S ADDRESS 456 Flower Lane, Clinton, MS 39056	DATE OF BIRTH 2/14/1956	DATE OF DEATH

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
David	Williams	425-89-8907	1/18/1988	Son	12	21	<input checked="" type="checkbox"/>		
Julia	Williams	587-21-8976	5/26/2007	Daughter	12	2			

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

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

(MODIFIED FOR TRAINING)

ITEMIZED EXPENSES – SCHEDULE A	
Medical and Dental Expenses	
Number of Miles driven to Doctor/Dental visits during the year	
Medical/Dental Expenses Description	
Medical/Dental Expenses Description	
Taxes Paid	
State Taxes Paid on last year's state return	
Real Estate Property Taxes Paid	\$ 750.00
Other Taxes Paid (i.e. Non-resident State Taxes Paid) Taxes for a new motorcycle	\$ 995.00
Interest Paid	
Home Mortgage Interest, from Form 1098	\$ 7,000.00
Points Paid (Principle Purchase of Residence OR Qualified Refinance)	
Gifts to Charity	
Number of Miles driven for volunteer work with charitable organization	
Charitable Cash or Check Contributions (note: these were checks written to their church)	\$ 4,000.00
Non-Cash Charitable Contributions	
Description	
Job Expenses and Other Miscellaneous Expenses	
Un-reimbursed employee expenses (i.e. Union dues, uniforms, tools specific to work) (Note: this expense was for work boots bought. They were required for work, but not reimbursed by employer) Prep note: all other Unreimbursed employee expenses must be filled on Form 2106	\$ 450.00
Tax Preparation Fees	\$ 300.00
Other Expenses (safe deposit box, attorney fees for production of income, etc.)	
Description	
Other Miscellaneous Deductions	
Gambling losses-no more than reported winnings	
Other Expenses	
Description	

Most frequently, when entering data on the Estimator for Schedule A deductions, the actual column and the estimator column do not match. This is common due to the complexities of the Schedule A computations. You should call the technical support center for assistance. Sometimes the staff will identify the reason for the variance and instruct the office to submit the return, even though these columns do not match. Please accept their judgment and submit the return. Each tax return has its own unique features, making it impossible to cover each issue in the Practice Returns.

Any tax return that has a Schedule A attached has a greater chance of review by the IRS. Do the items on this worksheet appear reasonable? If so, the worksheet, completed, signed and dated by the taxpayer is sufficient documentation. **Note:** any time the taxpayer claims charitable deductions, page 2 of the Schedule A worksheet is required. Refer to this on the following page. Additional copies of this form can be found on the Itemized Deduction icon on the Training page of the website.

What are examples of unreasonable deductions? Ask yourself if the customer's claimed deductions appear unreasonable, inconsistent, incorrect and incomplete. Additional inquiries must be made and documented.

CHARITABLE CONTRIBUTION ADDENDUM

Everything related to cash and non-cash charitable contributions need to be fully substantiated. In the case of an IRS audit, your client will need to provide certain documentation to the IRS. Before these deductions can be claimed, however, tax professionals need to ensure that proper proof is maintained by client. The documentation must be kept in a safe place and retained for five year.

Cash contributions include:

- i Coins and paper money
- i Check
- i Monetary donations put on your charge account

Non-Cash contributions are items such as clothing, furniture, or household goods given to an IRS approved charity. Vehicles, such as a boat, car, etc, are other examples of non-cash contributions.

CHARITABLE CONTRIBUTION VALIDATION			
Type of Contribution	Amount of contribution	Documentation Requirements You are required to have the necessary written requirements prior to claiming the deduction.	I have the mandatory Documentation Requirements in safe storage Answer "YES" or "NO"
Cash, check or other monetary gifts of any amount over one dollar		Bank Records and/or Written record of donation, which includes donee name, date of contribution and amount	
Unreimbursed expenses less than \$250.00		Reliable records of gifts or expenses	
Non-cash less than \$250.00		Receipt from donee or other reliable records	
Non-cash more than \$250 but less than \$500		Contemporaneous written acknowledgement	
Non-cash more than \$500 but less than \$5000		Contemporaneous written acknowledgement and complete form 8283, sec A	
Non-cash more than \$5000.00		Contemporaneous written acknowledgement and complete form 8283, sec A or B, and a qualified appraisal. Must present to our office.	
Motor vehicles between \$500 and \$5000		Donee must provide acknowledgement to the IRS. Form 8283 must be attached.	
Motor vehicles over \$5000.00		Donee must provide acknowledgement to the IRS. Form 8283 must be attached.	
Clothing and household items less than \$250.00		Must be in "good used condition" or better. Obtain receipt from donee or maintain reliable written records, which include a description of condition for each item.	
Clothing and household items more than \$250.00		Must be in "good used condition" or better. Contemporaneous written acknowledgement obtained.	

SIGNATURE _____ DATE _____

Form W-2

Wage and Tax Statement

a. Employee's Social Security Number 428-00-7894 Corrected W-2 <input type="checkbox"/>		1 Wages () () 35,400		2 Fed Tax Withheld 2,223		
b. Employer's Identification Number 59-4567877		3 SS Wages () 35,400		4 SS Tax Withheld 2,195		
c. Employer's Name, Address, ZIP Code ACEC ACE CONSTRUCTION 5 FIRST STREET HIRAM OH 44234-0000		5 Medicare Wages 35,400		6 Medicare Tax Wh. 513		
		7 Soc Sec Tips		8 Allocated Tips		
d. Control Number		9 Adv EIC Paymnt		10 Dep Care Benefits		
e. Employee's Name, address & ZIP code BRIAN WILLIAMS		11 Non-Qual Plans		12 Employer Use RRTA T1 / T2		
		13 a() b() c()				
		14 Other				
15 State Employer ID	16 State Wages/Tips 35,400	17 State Tax W/hld 1,500	State Use	18 Local Wages/Tips	19 Local Tax W/hld	20 Locality Name

Form W-2

Wage and Tax Statement

a. Employee's Social Security Number - - Corrected W-2 <input type="checkbox"/>		1 Wages () () 15,400		2 Fed Tax Withheld 500		
b. Employer's Identification Number 59-4567812		3 SS Wages () 15,400		4 SS Tax Withheld 955		
c. Employer's Name, Address, ZIP Code WECA WE CARE HOSPITAL 7 HEALTH DRIVE LAKE CITY FL 32056-0000		5 Medicare Wages 15,400		6 Medicare Tax Wh. 223		
		7 Soc Sec Tips		8 Allocated Tips		
d. Control Number		9 Adv EIC Paymnt		10 Dep Care Benefits		
e. Employee's Name, address & ZIP code SUSAN WILLIAMS		11 Non-Qual Plans		12 Employer Use RRTA T1 / T2		
		13 a() b() c()				
		14 Other				
15 State Employer ID	16 State Wages/Tips 15,400	17 State Tax W/hld 500	State Use <input type="checkbox"/>	18 Local Wages/Tips	19 Local Tax W/hld	20 Locality Name

Taxpayer Name: Brian Williams

SSN: 428-11-7985

Tax Return Summary



Taxpayer Name: Brian Williams

SSN: 428-11-7985

2009 Federal 1040Adv Tax Return:	Actual	Estimated
Gross Income:	\$50,800.00	\$50,800.00
Adjustments to Income:	\$0.00	\$0.00
Adjusted Gross Income:	\$50,800.00	\$50,800.00
Deductions:	\$14,745.00	\$14,745.00
Exemptions:	\$14,600.00	\$14,600.00
Taxable Income:	\$21,455.00	\$21,455.00
Tax:	\$2,386.00	\$2,386.00
Credits:	\$1,000.00	\$1,000.00
Other Taxes:	\$0.00	\$0.00
Total Tax:	\$1,386.00	\$1,386.00
Tax Payments:	\$2,723.00	\$2,723.00
Making Work Pay Credit:	\$800.00	\$800.00
Earned Income Credit:	\$0.00	\$0.00
Additional Child Tax Credit:	\$0.00	\$0.00
Refundable Education Credit:	\$0.00	\$0.00
First Time Home Buyer Credit:	\$0.00	\$0.00
Refund Amount:	\$2,137.00	\$2,137.00
Mississippi Resident Tax Return:		
Taxable Income:	\$23,055.00	
Total Tax:	\$853.00	
Refund Amount:	\$1,147.00	
Non-Resident Tax Return:		
Taxable Income:	\$0.00	
Total Tax:	\$0.00	
Refund Amount:	\$0.00	