## CASE STUDIES

## Case Study A

David W. Green, 1234 Main Street, Middletown, WI 87654, is single and his Social Security Number is 999-00-7654. During the school year he works part time after school for Employer A. During the summer he works full time at that job, and he also works part time for Employer B. He expects to earn about \$9,000 working for Employer A, and about \$3,000 working for Employer B. No one can claim him as a dependent, and he has no dependents on his own. David expects to receive about \$300 in interest income. He wants Employer A to withhold an extra \$2 from every paycheck. Fill out David's Form W-4 for each employer.

#### **Case Study B**

Using this Form W-2 information, complete Form 1040EZ for Joe Red. He worked as gas station attendant. Joe is single and is claimed as a dependent on his parents' return. He wants to contribute \$3 to the Presidential Election Campaign Fund.

#### Form W-2 information:

Joseph Red

987-00-4321
10-0001233
\$ 2,250
\$ 30
\$ 2,250
\$ 139.50
\$ 2,250
\$ 32.63

### Case Study C

Using this Form W-2 and 1099-INT information, fill out a correct Form 1040EZ for Susan A. Black. She is 20 years old, single, and cannot be claimed as a dependent on another person's return. She works as a receptionist and wants \$3 to go to the Presidential Election Campaign Fund.

#### W-2 information:

Susan A. Black	
601 Turnbolt Street, Robin, MI 48200	
Social Security Number	987-00-2080
ABC Stores	
2001 Bent Road, Robin, MI 48200	
Employer ID Number:	10-0001234
Wages:	\$ 9,990
Federal income tax withheld:	\$ 745
Social Security Wages	\$ 9,990.00
Social Security tax withheld:	\$ 619.38
Medicare wages and tips:	\$ 9,990
Medicare tax withheld:	\$ 144.86

# Form 1099-INT information:

Town Bank, 5 State Street, Robin, MI 48200 Interest income: \$45 On line 8a enter "No" to the right of the word "below": and leave the boxes blank. Susan cannot take the Earned Income Tax Credit (EIC). She must be at least age 25 to qualify for the EIC.

## Case Study D

Use the following information to complete Form 1040A for Eric H. Gray Eric is 16 years old, single, and has good eyesight. He worked as a clerk and earned a total of \$3,200 as reported on Form W-2. He can be claimed as a dependent on his parents' return. He wants to contribute \$3 to the Presidential Election Campaign Fund. Election Campaign Fund.

#### Eric H. Gray

514 Tenth Street, Bryan, KY 54612	
Social Security Number	059-00-3212
Federal tax withheld and reported	
on Form W-2:	\$ 145
Interest income from Bryan National	
Bank reported on Form 1099-INT:	\$ 900

#### Case Study E

Use this Form W-2 and Form 1099-INT information to complete Form 1040A for Lisa M. White. She is single, is claimed by her parents as a dependent on their return, worked as a clerk, and does not want to contribute to the Presidential Election Campaign Fund. She is not blind.

#### Form W-2 information:

Lisa M. White	
215 Rogers Street, Garden, LA 64312	
Social Security Number	821-00-1234
Garden Center	
500 Rose Lane, Garden, LA 64312	
Employer ID Number:	10-5551212
Wages :	\$ 1,950
Federal income taxes withheld:	\$ 12
Social Security wages:	\$ 1,950
Social Security tax withheld:	\$ 120.90
Medicare wages and tips:	\$ 1,950
Medicare tax withheld:	\$ 28.28

\$817

#### Form 1099-INT information:

Garden National Bank 101 Main St. Garden, LA 64312 Interest Income:



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# FORM W-2

a Control number	55555		al Use Only 1545-0008	1 🕨						
b Employer identification	number		1	Wage	s, tips, other compe	nsation	2	Federal in	ncome tax withheld	
c Employer's name, add	ress, and ZIP cod		3	Socia	I security wages	Social se	curity tax withheld			
				5	Medi	care wages and ti	ps	6	Medicare	tax withheld
		7	Socia	I security tips	Allocated tips					
d Employee's social second	urity number			9	Adva	nce EIC payment		10	Depende	nt care benefits
e Employee's name (first	, middle initial, la		11 Nonqualified plans 12 Benefits included in							
						nstrs. for box 13		14	Other	
f Employee's address ar	nd ZIP code			15 Sta em	tutory ployee	Deceased	Pension plan		Legal rep.	Deferred compensation
16 State Employer's sta	te I.D. no.	17 State wages, tips, etc.	18 State in	ncome	tax	19 Locality name	20 Loca	l wage	xs, tips, etc.	21 Local income tax
W-2 Wage State Copy A For Social Sec age with Form W-3 to photocopies are not acc	the Social Security	ration-Send this		Cat	No.	•	or Priva	cy A	ct and Pa	nal Revenue Service perwork Reduction parate instructions

# FORM 1099-INT

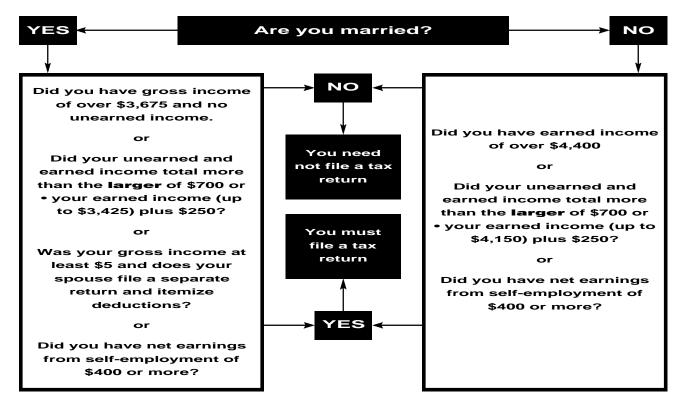
AYER'S name, street address, city, state, 2	IP code, and telephone no	. Payer's	RTN (optional)	OMB No. 1545-0112		
				2000	Inte	rest Income
				Form 1099-INT		
AYER'S Federal identification number RECI	PIENT'S identification num	ber 1 Inter \$	rest income not included	l in box 3		Copy /
ECIPIENT'S name		Ŧ	y withdrawal penalty	3 Interest on U.S. Sav Bonds and Treas. of		Foi Internal Revenue Service Center
		\$		\$		File with Form 1096
treet address (including apt. no.)		4 Fede	eral income tax withheld	5 Investment expens	es	For Privacy Act and Paperwor
		\$		\$		Reduction Ac
ity, state, and ZIP code		6 Fore	eign tax paid	7 Foreign country or possession	U.S.	Notice, see the 2000 Genera Instructions fo
ccount number (optional)	2nd TIN	Not.				Forms 1099, 1098 5498, and W-2G

Revised 11-00

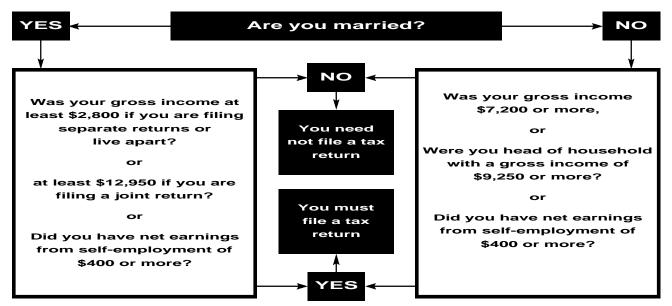
## SHOULD YOU FILE A TAX RETURN?

Not everyone needs to file a tax return. Use the diagrams below to decide whether you need to file. Remember, however, it is necessary to file a return to get a refund of tax withheld from pay you earned, even if your total income does not require filing a return.

# 1. Assuming that you are under age 65 and not blind, can you be claimed as a dependent on someone else's return? If the answer is "yes," then...



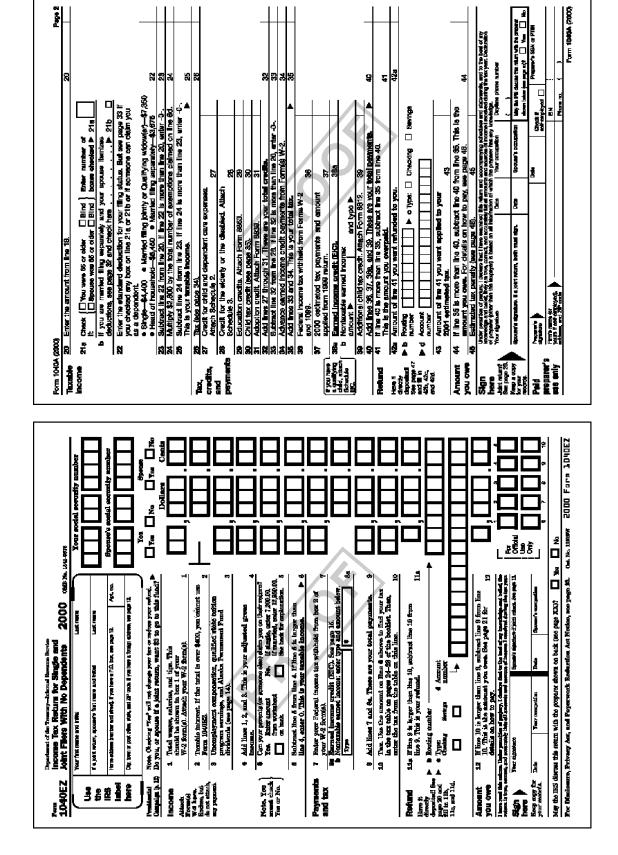
2. Assuming that you are under 65 and not blind, can you be claimed as a dependent on someone else's return? If the answer is "no," then...



The income amounts shown are for 2000. They may change each year and should be checked.

# WHICH TAX RETURN FORM SHOULD YOU USE?

	FILING STATUS	NUMBER OF EXEMPTIONS	TAXABLE INCOME	SOURCES OF INCOME Limited to	ADJUSTMENTS, DEDUC- Tions, other taxes and credits
1040EZ	single or married filing jointly under age 65 and not blind	single-claim only one exemption for yourself married-claiming two exemptions (yourself and spouse), no dependents	less than \$50,000	wages, salaries, tips, unemployment compen- sation, taxable scholar- ship and fellowship grants, Alaska Permanent Fund, dividends, qualified state tuition program earnings, and not more than \$400 of taxable interest income	no income adjustments itemized deductions, or other taxes; earned income credit allowed
1040A	single, or married filing joint or separate returns, head of household, quali- fying widow or widower	all eligible exemptions	less than \$50,000	wages, salaries, tips, taxable scholarships, fellowship grants, Alaska, Permanent Fund, divi- dends, qualified state tuition program earnings, capital gain distributions, interest, dividends, pen- sions, annuities, IRAs, unemployment compen- sation, taxable social security benefits and r ailroad retirement benefits	certain IRA contributions, student loan interest deductions, advance earned income credit payments, child and dependent care credit, earned income credit, child tax credit, education credits, adoption credit, credit for elderly or disabled; no itemized deductions
1040	Any taxpayer can use Form	1040 (not covered in this class)			



**FORM 1040EZ** 

3.10

# TAX TABLE

20	00						income					Sar	nple Ta	ble			
Ta	X	Example. Mr. and Mrs. Brown are filing a joint return. Their least less filing filing to taxable income on line 39 of Form 1040 is \$25,300. First, than jointy sepa-th rately h											d Head of a house- hold				
Ta	ble	status column meet is \$3,799. This is the tax amount they should enter on line 40 of their Form 1040.								25,2 25,3	00 25,25 50 25,30 00 25,35 50 25,40	0 3,79 0 3,79	4 3,78 1 <u>3,79</u> 9 ( <u>3,79</u>	4 4,213 1 4,227 9) 4,241	3,791 3,799		
f line 39 (taxable income) is—		And you are				If line 39 (taxable And you are income) is					•	If line : (taxabi income	e	And you are			
At east	But less than	Single	Married filing jointly <b>Your t</b> a	filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly <b>Your t</b> a	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly <b>our tax</b>	filing sepa- rately	Head of a house- hold
0 5 15	15	0 2 3	0	0 2 3	0 2 3	1,300 1,325 1,350	1,350 1,375	197 201 204	197 201 204	197 201 204	197 201 204	2,700 2,725 2,750	2,725 2,750 2,775	407 411 414	407 411 414	407 411 414	407 411 414
25 50 75	50 75 100	6 9 13	6 9 13	6 9 13	6 9 13	1,375 1,400 1,425 1,450	1,425 1,450	208 212 216 216 219	212 216	208 212 216 219	212 216	2,775 2,800 2,825 2,850	2,800 2,825 2,850 2,875	418 422 426 429	418 422 426 429	418 422 426 429	418 422 426 429
100 125 150 175	150 175	17 21 24 28	17 21 24 28	17 21 24 28	17 21 24 28	1,475 1,500 1,525	1,500 1,525 1,550	223 227 231		223 227 231		2,875 2,900 2,925	2,900 2,925 2,950	433 437 441	433 437 441	433 437 441	433 437 441
200 225 250	225 250 275	32 36 39	32 36 39	32 36 39	32 36 39	1,550 1,575 1,600 1,625	1,600 1,625	234 238 242 246	238 242	234 238 242 246	242	2,950 2,975 <b>3,0</b>	2,975 3,000	444 448	444 448	444 448	444 448
275 300 325 350	325 350	43 47 51 54	43 47 51 54	43 47 51 54	43 47 51 54	1,650 1,675 1,700	1,675 1,700 1,725	249 253 257	249 253 257	249 253 257	249 253 257	3,000 3,050 3,100	3,050 3,100 3,150	454 461 469	454 461 469	454 461 469	454 461 469
375 400 425	400 425	58 62 66	58 62 66	58 62 66	58 62 66	1,725 1,750 1,775 1,800	1,775 1,800	261 264 268 272		261 264 268 272		3,150 3,200 3,250	3,200 3,250 3,300	403 476 484 491	403 476 484 491	403 476 484 491	403 476 484 491
450 475 500	500 525	69 73 77	69 73 77	69 73 77	69 73 77	1,825 1,850 1,875	1,850 1,875 1,900	276 279 283	276 279 283	276 279 283	276 279 283	3,300 3,350 3,400 3,450	3,350 3,400 3,450 3,500	499 506 514 521	499 506 514 521	499 506 514 521	499 506 514
525 550 575 600	575 600	81 84 88 92	81 84 88 92	81 84 88 92	81 84 88 92	1,900 1,925 1,950 1,975	1,950 1.975	287 291 294 298	287 291 294 298	287 291 294 298	287 291 294 298	3,500 3,550 3,600	3,550 3,550 3,600 3,650	529 536 544	529 536 544	529 536 544	521 529 536 544
625 650 675	650 675	96 99 103	96 99 103	96 99 103	96 99 103		000	302	302	302	302	3,650 3,700 3,750	3,700 3,750 3,800	551 559 566	551 559 566	551 559 566	551 559 566
700 725 750 775	750 775	107 111 114 118	107 111 114 118	107 111 114 118	107 111 114 118	2,000 2,025 2,050 2,075	2,050 2,075	306 309 313	306 309	306 309 313	306 309	3,800 3,850 3,900 3,950	3,850 3,900 3,950 4,000	574 581 589 596	574 581 589 596	574 581 589 596	574 581 589 596
800 825	825	122 126	122 126	122 126	122 126	2,100 2,125	2,150	317 321	317 321	317 321	317 321	4,0	00				
850 875 900	875 900 925	129 133 137	129 133 137	129 133 137	129 133 137	2,150 2,175 2,200 2,225	2,200 2,225	324 328 332 336	328 332 336	324 328 332 336	328 332	4,000 4,050 4,100 4,150	4,050 4,100 4,150 4,200	604 611 619 626	604 611 619 626	604 611 619 626	604 611 619 626
925 950 975	975 1,000	141 144 148	141 144 148	141 144 148	141 144 148	2,250 2,275 2,300 2,325	2,300 2,325	339 343 347 351		339 343 347 351	343 347	4,200 4,250 4,300	4,250 4,300 4,350	634 641 649	634 641 649	634 641 649	634 641 649
1,0	000					2,350 2,375	2,375	354	354	354 358	351 354 358	4,350 4,400	4,400 4,450	656 664	656 664	656 664	656 664
1,000 1,025 1,050 1,075	1,050	152 156 159 163		152 156 159 163	152 156 159 163	2,400 2,425 2,450 2,475	2,425 2,450 2,475	362 366 369 373	362 366 369	362 366 369 373	362 366 369	4,450 4,500 4,550 4,600	4,500 4,550 4,600 4,650	671 679 686 694	671 679 686 694	671 679 686 694	671 679 686 694
1,100 1,125 1,150	1,125 1,150 1,175	167 171 174	167 171 174	167 171 174	167 171 174	2,500 2,525 2,550	2,525 2,550 2,575	377 381 384	377 381 384	377 381 384	377 381 384	4,650 4,700 4,750	4,700 4,750 4,800	701 709 716	701 709 716	701 709 716	701 709 716
1,175 1,200 1,225 1,250	1,225 1,250	178 182 186 189		178 182 186 189	178 182 186 189	2,575 2,600 2,625 2,650	2,625 2,650	388 392 396 399	392 396	388 392 396 399	392 396	4,800 4,850 4,900 4,950	4,850 4,900 4,950 5,000	724 731 739 746	724 731 739 746	724 731 739 746	724 731 739 746

\* This column must also be used by a qualifying widow(er).

## TAX TABLE CONTINUED

f line 39 taxable ncome)			And yo	ou are—		If line (taxab incom	le		And yo	ou are—		lf line (taxat incom		And you are—					
At east	But less than	Single	Married filing jointly Your ta	Married filing sepa- rately <b>ax is—</b>	Head of a house- hold	At least	But less than	Single	Married filing jointly Your t	Married filing sepa- rately ax is—	Head of a house- hold	At least	But less than	Single	Married filing jointly Your f	Married filing sepa- rately tax is—	Head of a house hold		
5,0	00					8,0	00				11,	000							
5,000 5,050	5,050 5,100	754 761	754 761	754 761	754 761	8,000 8,050	8,050 8,100	1,204 1,211	1,204 1,211	1,204 1,211	1,204 1,211	11,000 11,050	11,050 11,100	1,654 1,661	1,654 1,661	1,654 1,661	1,654 1,661		
5,100 5,150	5,150 5,200	769 776	769 776	769 776	769 776	8,100 8,150	8,150 8,200	1,219	1,219	1,219 1,226	1,219 1,226	11,100	11,150 11,200	1,669	1,669 1,676	1,669 1,676	1,669		
5,200	5,250	784	784	784	784	8,200	8,250	1,234	1,234	1,234	1,234	11,200	11,250	1,684	1,684	1,684	1,684		
5,250 5,300	5,300 5,350	791 799	791 799	791 799	791 799	8,250 8,300	8,300 8,350	1,241 1,249	1,241 1,249	1,241 1,249	1,241 1,249	11,250 11,300	11,300 11,350	1,691 1,699	1,691 1,699	1,691 1,699	1,691 1,699		
5,350 5,400	5,400 5,450	806 814	806 814	806 814	806 814	8,350 8,400	8,400 8,450	1,256 1,264	1,256 1,264	1,256 1,264	1,256 1,264	11,350 11,400	11,400 11,450	1,706	1,706 1,714	1,706 1,714	1,706		
5,450 5,500	5,500 5,550	821 829	821 829	821 829	821 829	8,450 8,500	8,500 8,550	1,271	1,271 1,279	1,271 1,279	1,271	11,450 11,500	11,500 11,550	1,721	1,721	1,721	1,721		
5,550	5,600	836	836	836	836	8,550	8,600	1,286	1,286	1,286	1,286	11,550	11,600	1,736	1,736	1,736	1,736		
5,600 5,650	5,650 5,700	844 851	844 851	844 851	844 851	8,600 8,650	8,650 8,700	1,294 1,301	1,294 1,301	1,294 1,301	1,294 1,301	11,600	11,650 11,700	1,744	1,744 1,751	1,744 1,751	1,744		
5,700 5,750	5,750 5,800	859 866	859 866	859 866	859 866	8,700 8,750	8,750 8,800	1,309	1,309 1,316	1,309 1,316	1,309 1,316	11,700 11,750	11,750 11,800	1,759 1,766	1,759 1,766	1,759 1,766	1,759		
5,800	5,850	874	874	874	874	8,800	8,850	1,324	1,324	1,324	1,324	11,800	11,850	1,774	1,774	1,774	1,774		
5,850 5,900	5,900 5,950	881 889	881 889	881 889	881 889	8,850 8,900	8,900 8,950	1,331 1,339	1,331 1,339	1,331 1,339	1,331 1,339	11,850 11,900	11,900 11,950 12,000	1,781	1,781	1,781	1,781		
<b>5,950 6,000</b> 896 896 896 896														1,796	1,796	1,796	1,796		
6,0						- /-							000						
6,000 6,050	6,050 6,100	904 911	904 911	904 911	904 911	9,000 9,050	9,050 9,100	1,354 1,361	1,354 1,361	1,354 1,361	1,354 1,361	12,000 12,050	12,050 12,100	1,804 1,811	1,804 1,811	1,804 1,811	1,804 1,811		
6,100 6,150	6,150 6,200	919 926	919 926	919 926	919 926	9,100 9,150	9,150 9,200	1,369 1,376	1,369 1,376	1,369 1,376	1,369 1,376	12,100 12,150	12,150 12,200	1,819 1,826	1,819 1,826	1,819 1,826	1,819 1,826		
6,200 6,250	6,250 6,300	934 941	934 941	934 941	934 941	9,200 9,250	9,250 9,300	1,384 1,391	1,384 1,391	1,384 1,391	1,384 1,391	12,200 12,250	12,250 12,300	1,834 1,841	1,834 1,841	1,834 1,841	1,834 1,841		
6,300 6,350	6,350 6,400	949 956	949 956	949 956	949 956	9,300 9,350	9,350 9,400	1,399 1,406	1,399 1,406	1,399 1,406	1,399 1,406	12,300	12,350 12,400	1,849 1,856	1,849 1,856	1,849 1,856	1,849		
6,400	6,450	964	964	964	964	9,400	9,450	1,414	1,414	1,414	1,414	12,400	12,450	1,864	1,864	1,864	1,864		
6,450 6,500	6,500 6,550	971 979	971 979	971 979	971 979	9,450 9,500	9,500 9,550	1,421 1,429	1,421 1,429	1,421 1,429	1,421 1,429	12,450 12,500	12,500 12,550	1,871 1,879	1,871 1,879	1,871 1,879	1,871		
6,550 6,600	6,600 6,650	986 994	986 994	986 994	986 994	9,550 9,600	9,600 9,650	1,436 1,444	1,436 1,444	1,436 1,444	1,436 1,444	12,550 12,600	12,600 12,650	1,886 1,894	1,886 1,894	1,886 1,894	1,886		
6,650 6,700	6,700 6,750	1,001	1,001	1,001 1,009	1,001 1,009	9,650 9,700	9,700 9,750	1,451	1,451 1,459	1,451 1,459	1,451 1,459	12,650	12,700	1,901	1,901 1,909	1,901 1,909	1,901		
6,750	6,800	1,016	1,016	1,016	1,016	9,750	9,800	1,466	1,466	1,466	1,466	12,750	12,800	1,916	1,916	1,916	1,916		
6,800 6,850	6,850 6,900	1,024 1,031	1,024 1,031	1,024 1,031	1,024 1,031	9,800 9,850	9,850 9,900	1,474 1,481	1,474 1,481	1,474 1,481	1,474 1,481	12,800 12,850	12,850 12,900	1,924 1,931	1,924 1,931	1,924 1,931	1,924		
6,900 6,950	6,950 7,000	1,039 1,046	1,039 1,046	1,039 1,046	1,039 1,046	9,900 9,950	9,950 10,000	1,489 1,496	1,489 1,496	1,489 1,496	1,489 1,496	12,900 12,950	12,950 13,000	1,939 1,946	1,939 1,946	1,939 1,946	1,939		
7,0	00	10,000 13,000																	
7,000	7,050	1,054	1,054	1,054	1,054	10,000		1,504	1,504	1,504	1,504	13,000	13,050	1,954	1,954	1,954	1,954		
7,050 7,100	7,100 7,150	1,061 1,069	1,061 1,069	1,061 1,069	1,061 1,069	10,050 10,100	10,100 10,150	1,511 1,519	1,511 1,519	1,511 1,519	1,511 1,519	13,050 13,100	13,100 13,150	1,961 1,969	1,961 1,969	1,961 1,969	1,961 1,969		
7,150 7,200	7,200 7,250	1,076	1,076 1.084	1,076 1,084	1,076 1,084	10,150	10,200 10,250	1,526 1,534	1,526 1,534	1,526 1,534	1,526 1,534	13,150 13,200	13,200 13,250	1,976 1.984	1,976 1,984	1,976 1,984	1,976 1,984		
7,250 7,300	7,300 7,350	1,091	1,091	1,091 1,099	1,091 1,099	10,250	10,300 10,350	1,541	1,541 1,549	1,541 1,549	1,541 1,549	13,250 13,300	13,300 13,350	1,991	1,991 1,999	1,991 1,999	1,991		
7,350	7,400	1,106	1,106	1,106	1,106	10,350	10,400	1,556	1,556	1,556	1,556	13,350	13,400	2,006	2,006	2,006	2,006		
7,400 7,450	7,450 7,500	1,114 1,121	1,114 1,121	1,114 1,121	1,114 1,121	10,450	10,450 10,500	1,564 1,571	1,564 1,571	1,564 1,571	1,564 1,571	13,400 13,450	13,450 13,500	2,014 2,021	2,014 2,021	2,014 2,021	2,014 2,021		
7,500 7,550	7,550 7,600	1,129 1,136	1,129 1,136	1,129 1,136	1,129 1,136	10,500 10,550	10,550 10,600	1,579 1,586	1,579 1,586	1,579 1,586	1,579 1,586	13,500 13,550	13,550 13,600	2,029 2,036	2,029 2,036	2,029 2,036	2,029 2,036		
7 600	7.650	1,144 1,151	1,144 1,151	1,144 1,151	1,144 1,151	10,600 10,650	10,650 10,700	1,594 1,601	1,594 1,601	1,594 1,601	1,594 1,601	13.600	13,650	2,044 2,051	2,044 2,051	2,044 2,051	2,044		
7,650 7,700 7,750	7,700 7,750 7,800	1,159 1,166	1,159 1,166	1,159 1,166	1,159 1,166	10,700 10,750	10,750	1,609 1,616	1,609 1,616	1,609 1,616	1,609 1,616	13,650 13,700 13,750	13,700 13,750 13,800	2,059	2,059 2,066	2,059 2,066	2,059		
7,800	7,850	1,174	1,174	1,174	1,174	10,800	10.850	1,624	1,624	1.624	1.624	13,800	13,850	2.074	2,074	2,074	2,074		
7,850 7,900	7,900 7,950	1,181 1,189	1,181 1,189	1,181 1,189	1,181 1,189	10,850 10,900	10,900 10,950	1,631 1,639	1,631 1,639	1,631 1,639	1,631 1,639	13,850 13,900	13,900 13,950	2,081 2,089	2,081 2,089	2,081 2,089	2,081		
7,950	8,000	1,196	1,196	1,196	1,196	10,950	11,000	1,646	1,646	1,646	1,646	13,950	14,000	2,096	2,096	2,096	2,096		
This co	lumn mi	ust also	be used	by a qu	alifying	widow(e	r).					Continued on nex					ext pag		