

Tax Subject T1 - Introduction to Taxation

There was a time when there was no income tax. The taxing process graduated slowly to what it is now. At one point there was a question of the constitutionality of taxation. Taxes are a necessity. How else can a nation survive and prosper? This topic is your introduction to taxation. In it you will find the very basic tax principles that are necessary to prepare tax returns. Upon reading the material for topic 1, you will encounter almost every topic covered in the basic certification course including the mentioning of publications used in this course. Due to ethics and tax updates requirements that must be met, everything in the reading material matters (everything is game, fine print, help to taxpayers, disclosures and the various tax worksheets).

Tax School Home Page

Student Instructions: **Follow the following 5 steps:**

Step	Instructions - You must do all of the following (steps 1 - 5)	Links:
	(We must receive from you both an assignment and a quiz for each Tax Subject)	
1	Print the checklist:	Checklist Click Here
2	Read the reading material and answer the questions on this page.	Reading Material
3	Submit the answers to the Assignment online (the questions on this page). Scroll down for all questions on this page. When you are ready to submit click on the Assignment link. Make sure you either write your answers or print the page before you click on the assignment link.	Assignment
4	Complete a quiz on the reading material: Quiz Online . You have to complete 60 minutes to complete 40 questions for this quiz. You must study the reading material. You won't have time to look up questions in the reading material.	Quiz Online
5	Go to Grades & Certificates for instructions on retrieving your grade results and Certificates.	Grades & Certificates

Important: If you fail a topic you can try again until you pass. However, you cannot try again until 24 hours later. Every time you try the questions will be different. You will be disqualified from completing this Item if you do not allow the proper 24 hours in between tries. If you are disqualified, you will be notified through email of the substitute topic to complete.

You will need [IRS 1040EZ Instructions](#), [History of U.S. Taxes](#) to complete this topic.

You will need to prepare a tax return for Daniel and another return for James. Their information is stated separately in each of the following situations:

Tax Return Situation 1:

Please prepare [Form 1040EZ](#) for Daniel. Here is Daniel's W-2. All income and identifying information for Daniel on this W-2 is correct and current.

a Employee's social security number 556-49-5549		Copy X for Tax Class					
b Employer identification number (EIN) 77-3111100		1 Wages, tips, other compensation 5,009.55		2 Federal income tax withheld 495.99			
c Employer's name, address, and ZIP code A & B Associates 9432 Stew Drive Carson City, NV 89706		3 Social security wages 5,009.55		4 Social security tax withheld 310.59			
		5 Medicare wages and tips 5,009.55		6 Medicare tax withheld 72.63			
		7 Social security tips		8 Allocated tips			
d Control number 83		9		10 Dependent care benefits			
e Employee's first name and initial Last name Suff. Daniel Andersen 501 S. Mary Drive Reno, NV 89503		11 Nonqualified plans		12a			
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b See instructions for box 12			
		14 Other		12c			
f Employee's address and ZIP code				12d			
15 State Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name		
NV							

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

2012

Department of the Treasury—Internal Revenue Service

Daniel is 27 years old and is not married. Daniel cannot be claimed as a dependent on another tax return. He received \$3,400 in unemployment benefits for the year.

Tax Return Situation 2:

Please prepare [Form 1040EZ](#) for James. Here is James' W-2. All income and identifying information for James on this W-2 is correct and current.

a Employee's social security number 517-24-3325		OMB No. 1545-0008				Copy X for Tax Class	
b Employer identification number (EIN) 77-3111100		1 Wages, tips, other compensation 8,760.43		2 Federal income tax withheld 867.37			
c Employer's name, address, and ZIP code BB Company 3319 Colorado Ave Alachua, FL 32615		3 Social security wages 8,760.43		4 Social security tax withheld 543.15			
		5 Medicare wages and tips 8,760.43		6 Medicare tax withheld 127.02			
		7 Social security tips		8 Allocated tips			
d Control number 83		9		10 Dependent care benefits			
e Employee's first name and initial Last name Suff. James Debois 3345 S. Oxford St Alachua, FL 32615		11 Nonqualified plans		12a See instructions for box 12			
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b			
		14 Other		12c			
				12d			
f Employee's address and ZIP code							
15 State FL	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

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

2012

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In addition, James married Sarah Baker on December 22, 2012. They did not live together at any time during the year. James and his wife are both under age 65. In January 2013, James received a Form SSA-1099 showing net benefits of \$9,700 in box 5 for 2012 tax year. James also received unemployment compensation of \$1,800 and taxable interest income of \$450.

Sarah did not work in 2012. Her SSN is 658-65-0935. Sarah received a Form SSA-1099 showing net benefits of \$1,400 in box 5.

Neither James nor Sarah received any tax-exempt interest income. They cannot be claimed as dependents on another tax return.

1. Look at the Form 1040EZ you prepared for Daniel. What is the amount on line 1?

- A. \$5,009.
- B. \$5,010.
- C. \$5,009.55
- D. None of the above.

2. Look at the 1040EZ form you prepared for Daniel. What is the amount on line 3?

- A. \$0.
- B. \$2,400.
- C. \$3,400.
- D. None of the above.

3. Look at the 1040EZ form you prepared for Daniel. What is the amount on line 4?

- A. \$8,410.
- B. \$5,010.
- C. \$3,400.
- D. None of the above.

4. Look at the 1040EZ form you prepared for Daniel. What is the amount on line 5?

- A. \$19,500.
- B. \$9,500.
- C. \$5,800.
- D. None of the above.

5. Look at the 1040EZ form you prepared for Daniel. What is the amount on line 6?

- A. \$9,500.
- B. \$5,010.
- C. \$0.
- D. None of the above.

6. Look at the 1040EZ form you prepared for Daniel. What is the amount on line 7?

- A. \$495.99.
- B. \$496.
- C. \$495.
- D. None of the above.

7. Look at the 1040EZ form you prepared for Daniel. What is the amount on line 8a?

- A. \$0.
- B. \$400.

- C. \$384.
- D. None of the above.

8. Look at the 1040EZ form you prepared for Daniel. What is the amount on line 9?

- A. \$880.
- B. \$779.55
- C. \$496.
- D. None of the above.

9. Look at the 1040EZ form you prepared for Daniel. What is the amount on line 10?

- A. \$0.
- B. \$880.
- C. \$496.
- D. None of the above.

10. Look at the 1040EZ form you prepared for Daniel. What is the amount on line 11a?

- A. \$496.
- B. \$880.
- C. \$384.
- D. None of the above.

11. Look at the 1040EZ form you prepared for Daniel. What is the amount on line 12?

- A. \$0.
- B. \$880.
- C. \$396.
- D. None of the above.

12. Look at the 1040EZ form you prepared for James and Sarah. What is the amount on line 1?

- A. \$8,760.43
- B. \$11,010.
- C. \$8,760.
- D. None of the above.

13. Look at the 1040EZ form you prepared for James. What is the amount on line 2?

- A. \$450.
- B. \$0.
- C. \$1,800.
- D. None of the above.

14. Look at the 1040EZ form you prepared for James. What is the amount on line 3?

- A. \$0.
- B. \$2,400.
- C. \$1,800.
- D. None of the above.

15. Look at the 1040EZ form you prepared for James. What is the amount on line 4?

- A. \$8,760.
- B. \$11,010.
- C. \$11,010.43
- D. None of the above.

16. Look at the 1040EZ form you prepared for James. What is the amount on line 5?

- A. \$9,750.
- B. \$11,600.
- C. \$19,000.
- D. None of the above.

17. Look at the 1040EZ form you prepared for James. What is the amount on line 6?

- A. \$0.
- B. \$10,240.
- C. \$8,760.
- D. None of the above.

18. Look at the 1040EZ form you prepared for James. What is the amount on line 7?

- A. \$7,990.
- B. \$867.
- C. \$867.37
- D. None of the above.

19. Look at the 1040EZ form you prepared for James. What is the amount on line 8a?

- A. \$464.
- B. \$374.
- C. \$0.
- D. None of the above.

20. Look at the 1040EZ form you prepared for James. What is the amount on line 9?

- A. \$867.
- B. \$1,331.
- C. \$867.37
- D. None of the above.

21. Look at the 1040EZ form you prepared for James. What is the amount on line 10?

- A. \$0.
- B. \$867.
- C. \$1,331.
- D. None of the above.

22. Look at the 1040EZ form you prepared for James. What is the amount on line 11a?

- A. \$1,241.
- B. \$1,342.
- C. \$867.
- D. None of the above.

23. Look at the 1040EZ form you prepared for James. What is the amount on line 12?

- A. \$1,241.
- B. \$0.

C. \$1,331.

D. None of the above.

If you are answering the questions directly on this page, make sure you print them before you click on "Assignment" in step 2 above. If you don't have a printer, then write the answers down before you proceed.