

CALCULATE: Completing a 1040

Part I: Example Scenario

- Follow along as your teacher fills out an example 1040 form for Melinda Flowers using her W-2 form.

Melinda Flowers <u>W-2</u>
Age: 18 - Lives with her parents, will be heading to college in the fall Employment: Worked 10 hrs/wk during senior year at a local ice cream shop, and 40 hrs/wk during the summer

Part II: Scenarios

- Each of the three people below have a different tax filing situation. Fill out their 1040 by:
 - opening up their W-2 form
 - following the directions on every line of the [1040](#) to fill it out. You can type directly into the form or print it and complete it manually. For certain lines, you may need to consult the [1040 Additional Instructions](#) table below.

Marcus Roberts <u>W-2</u>	Lucy Chen <u>W-2</u>	Edgar Flores <u>W-2</u>
Age: 23 - Recent college graduate, living by himself Employment: Full-time sales representative; salaried	Age: 24 - Completed her first full year of working a full-time job, living by herself Employment: Full-time marketing associate, salaried	Age: 16 - Lives with his parents Employment: Works 10 hrs/wk cleaning pools for \$15/hour

1040 Additional Instructions	
Digital Assets	No
Lines 1b-1i, 2a-6b, 7a, 8	Assume \$0 for each value
Line 10	No adjustments to income
Line 12	- Determine if the individual is/is not a dependent. - Review the IRS' Dependents page if you need to. - Then, follow the directions: <i>If you are NOT a dependent, enter \$15,750</i> <i>If you ARE a dependent, and line 1a is >\$15,750, enter \$15,750</i> <i>If you ARE a dependent, and line 1a is <\$15,750, add \$450 to the value on line 1a and enter that total on line 12</i>
Line 13a,b	Assume no Qualified Business Income Deduction or additional deductions
Line 16	- To find tax for line 16, refer to the tax table starting on page 68 of the 1040 Instructions - In these scenarios, no one needs to complete additional forms
Lines 17, 19, 20, 23	Assume \$0 for each value
Line 25b-c	Assume no 1099 form or other forms
Line 26	Assume no estimated tax payments or amounts applied
Lines 27-32	No one in our scenarios is eligible for these credits; Assume \$0 for all
Line 35a	If line 34 indicates they overpaid, complete line 35a that they'd like a full refund. You should NOT enter bank account information.
Line 36	Assume you don't want any of your refund to go toward next year's taxes
Line 38	Directly from the IRS instructions, if you owe money, figuring out the penalty yourself is complicated; you can leave line 38 blank and the IRS will simply send you a bill for the penalty. For this exercise, you can leave line 38 blank.

Part III: Results

3. In the chart below, enter the results of each person's 1040. Are they going to receive a refund or owe taxes? How much?

	Marcus	Lucy	Edgar
Refund or owe taxes? How Much?			
[If completing digitally] Link to completed 1040			

Part IV: Audit a classmate

Sometimes, the IRS conducts *audits*, or reviews, of an organization's or individual's accounts and financial information to ensure information is being reported correctly. While only about 1% of people get audited, it's a very serious thing so you want to make sure you complete your taxes honestly and accurately.

4. Audit a classmate's 1040 and note any potential errors. You will review them with the person who filed that form.

List Potential Errors	Explain why you believe it might be an error. Use specific information from the return in your explanation.

5. Work with your classmate to review any errors you found on each others' returns and fix them.