

FAME-02 Scott Scenario

Interview Notes - Scott

The Scotts did not itemize in the past 5 years.

The Scott's e-filed return for last year was rejected because someone had already filed a return using Annette's SSN. She brought a letter showing her Identity Theft PIN number (922465) from IRS.

Beverly is in her third year at a local college, and attends full time. Beverly and her son Morris, live with, and are supported by James and Annette. Beverly does not have any drug convictions on her record.

James paid a neighbor to watch Morris while they were at work and Beverly was at school. The neighbor, Janice Dobbins (707 Forest Ave) provided her Social Security number of 145-xx-xxxx, and a receipt in the amount of \$1,650.

Karen Vasquez is Annette's sister, who came to live with them in March after their parents died in February. Karen is disabled and draws a small Social Security check, but has no other income.

Annette had gambling losses of \$4,500 for the year.

James was a Mason County maintenance supervisor, who suffered an on the job injury. He was declared disabled by the county and placed on an ordinary (not accidental) disability pension. Early pension age for Mason County is said to be 60.

James and Annette had health insurance that meets MEC through his declared disability. Annette's sister has lived with them since March and is on Medicare. In addition, James' daughter and her son have no health insurance but she has an exemption for them because she is a member of a recognized religious sect. Her exemption number is 5780430.

Since his retirement, James has been doing some light handyman work for a local company, and has a few customers of his own. In addition to receiving a 1099-MISC, James also received \$3,752 from various clients from customer referrals and advertising. He drove his vehicle 1,456 miles for his business, 7,450 other miles, and the vehicle was placed in service on January 2, 2013. They have a second vehicle, and he has printed logs documenting his mileage.

Other expenses were:

Advertising - \$520. Office supplies - \$20. Small tools - \$156. Supplies - \$458

The Scotts purchased a TV from Amazon.com and did not pay NJ sales tax on the transaction. The cost of the TV was \$1,000.00

The Scotts owned a home in Budd Lake, NJ and paid \$10,200 in property tax. The property tax amount was taken from the property tax card issued by Mt. Olive Twsp. There was a Homestead Benefit of \$425 received in 2015. Block # 00025. Lot # 003. There is no mortgage on the property.

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Social Security

011-XX-XXXX

THIS NUMBER HAS BEEN ESTABLISHED FOR

JAMES CHARLES SCOTT

For Tax-Aide Training Purposes Only

Social Security

012-XX-XXXX

THIS NUMBER HAS BEEN ESTABLISHED FOR

ANNETTE VASQUEZ SCOTT

For Tax-Aide Training Purposes Only

Social Security

013-XX-XXXX

THIS NUMBER HAS BEEN ESTABLISHED FOR

MORRIS JAMES PATTERSON

For Tax-Aide Training Purposes Only

Social Security

014-XX-XXXX

THIS NUMBER HAS BEEN ESTABLISHED FOR

BEVERLY A SCOTT

For Tax-Aide Training Purposes Only

Social Security

015-XX-XXXX

THIS NUMBER HAS BEEN ESTABLISHED FOR

KAREN MARIE VASQUEZ

For Tax-Aide Training Purposes Only

JAMES C SCOTT ANNETTE V SCOTT 1024 FORREST AVE BUDD LAKE, NJ 07828	1234
PAY TO THE ORDER OF _____ \$ _____ _____ DOLLARS	
Your Bank _____ Bank City, State, ZIP Code _____ For _____	
: 325070760 : 987123654 1234	

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a. Employee's social security number 012-XX-XXXX						
b. Employer identification number (EIN) 14-1XXXXXX		1. Wages, tips, other compensation \$18,576.50		2. Federal income tax withheld \$728.00		
c. Employer's name, address, city state and ZIP Code LAKEVIEW SCHOOL COOPER ROAD DENVILLE, NJ 07834		3. Social security wages \$18,576.50		4. Social security tax withheld \$1,151.74		
		5. Medicare wages and tips \$18,576.50		6. Medicare tax withheld \$269.36		
		7. Social security tips		8. Allocated tips		
d. Control number		9.		10. Dependant care benefits		
e. Employee's name (first, initial, last), address, city, state and ZIP code ANNETTE V. SCOTT 1024 FOREST AVE BUDD LAKE, NJ 07828		11. Nonqualified plans		12a. See instructions for box 12		
		13. Statutory Employee Retiree Third-party sickpay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b.		
		14. Other SUI \$78.95		12c.		
		DI \$46.44		12d.		
		FLI \$16.72				
414H \$125.00						
15. State NJ	Employer's state ID number 141XXXXXX	16. State wages, tips, etc. \$18,576.50	17. State income tax \$834.00	18. Local wages, tips, etc.	19. Local income tax	20. Locality name
<p>Form W-2 Wage and Tax Statement 2015 Copy B - To Be Filed With Employee's FEDERAL Tax Return. This information is being furnished to the Internal Revenue Service.</p>						

<input type="checkbox"/> CORRECTED (if checked)						
PAYER'S name, address, city, state, ZIP code TOMPKINS FINANCIAL 125 E MAIN ST WILMINGTON, DE 19810		Payer's RTN (optional)		20 15 Form 1099-INT		Interest Income Copy B For Recipient
PAYER'S Federal identification number 13-3XXXXXX		1 Interest income \$325.90		2 Early withdrawal penalty \$32.59		
		3 Interest on US Savings Bonds and Treas. obligations		4 Federal income tax withheld		
RECIPIENT'S name, address, city, state, and ZIP code JAMES & ANNETTE SCOTT 1024 FORREST AVE BUDD LAKE, NJ 07828		RECIPIENT'S identification number 011-XX-XXXX		5 Investment expenses		This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported
FATCA filing requirement <input type="checkbox"/>		6 Foreign Tax Paid		7 Foreign Country or US possession		
		8 Tax exempt interest \$450.00		9 Specified private activity bond interest		
		10 Market Discount		11 Bond Premium		
12		13 Bond Premium on tax-exempt bond				
Account number (see instructions)		14 Tax-exempt and tax credit bond CUSIP no.		15 State	16 State Identification no	17 State tax withheld
Form 1099-INT						

1 **The tax exempt interest on this 1099-INT was interest paid on a NY Thruway bond.**

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<input type="checkbox"/> CORRECTED (if checked)				
PAYER'S name, address, city, state, ZIP code TOMPKINS FINANCIAL 125 E MAIN ST WILMINGTON DE 19810		1 Total Ordinary Dividends \$850.00	2015 Form 1099-DIV	Dividends and Distributions Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
		1b Qualified Dividends \$29.00		
		2a Total capital gain distr.	2b Unrecap. Sec. 1250 gain	
PAYER'S Federal identification number 13-3XXXXXX	RECIPIENT'S identification number 011-XX-XXXX	2c Section 1202 gain	2d Collectables (28%) gain	
RECIPIENT'S name, address, city, state, ZIP code James & Annette Scott 1024 Forrest Ave Budd Lake, NJ 07828 BUDD LAKE, NJ 07828		3 Nondividend distributions	4 Federal income tax withheld	
		6 Foreign Tax Paid	7 Foreign Country or US possession	
		8 Cash liquidation distributions	9 Noncash liquidation distribution	
		10 Exempt-Interest dividends	11 Specified private activity bond interest dividends	
Account number (see instructions)		13 State	14 State Identification no.	15 State tax withheld
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Form 1099-DIV				

<input type="checkbox"/> CORRECTED (if checked)				
PAYER'S name, address, city, state, ZIP code RICK'S HOME CARE 14 LINDEN WAY WILMINGTON DE 19850		1 Rents	2015 Form 1099-MISC	Miscellaneous Income Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
		2 Royalties		
		3 Other Income	4 Federal income tax withheld	
PAYER'S Federal identification number 16-0XXXXXX	RECIPIENT'S identification number 011-XX-XXXX	5 Fishing boat proceeds	6 Medical and health care payments	
RECIPIENT'S name, address, city, state, ZIP code James Scott 1024 Forrest Ave Budd Lake, NJ 07828		7 Nonemployee Compensation \$8,500.00	8 Substitute payments in lieu of dividends or interest	
		9 Payer made direct sales \$5,000 or more of consumer products to a buyer (recipient) for resale > <input type="checkbox"/>	10 Crop Insurance proceeds	
		11	12	
		Account	13 Excess golden parachute payments	14 Gross proceeds paid to an attorney
15a Section 409A deferrals	15b Section 409A income	16 State tax withheld	17 State/Payer's state no.	18 State income
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Form 1099-MISC				

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<input type="checkbox"/> CORRECTED (if checked)					
PAYER'S name, address, city, state, ZIP code MASON COUNTY PENSICN FUND 240 OLD COUNTRY RD WILMINGTON DE 19808		1 Gross distribution \$12,250.00	2015 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$12,250.00	2b Taxable amount not determined. <input type="checkbox"/> Total Distribution <input type="checkbox"/>		
PAYER'S Federal identification number 12-3XXXXXX	RECIPIENT'S identification number 011-XX-XXXX	3 Capital gain (included in box 2a).	4 Federal income tax withheld \$.00		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the Internal Revenue Service
RECIPIENT'S name, address, city, state, ZIP code James Scott 1024 Forrest Ave Budd Lake, NJ 07828		5 Employee contributions /Designated Roth contributions or insurance premiums	6 Net unrealized appreciation in employer's securities		
		7. Distribution Code(s) 3	IRA/ SEP/ SIMPLE <input type="checkbox"/>	8 Other _____ %	
		9a Your percentage of total distribution _____ %	9b Total Employee Contributions		
10. Amount allocable to IRR within 5 years	11. 1st year of desig. Roth contrib.	12. State tax withheld \$.00	13. State/Payer's state no.	14. State Distribution \$.00	
Account number (see instructions)		15. Local tax withheld	16. Name of Locality	17. Local Distribution	
Form 1099-R					

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED (if checked)						
PAYER'S name, address, city, state, and ZIP code Resorts International Atlantic Ave Atlantic City, NJ 08401		1. Gross winnings \$6,000.00	2. Date won 10/30/2015	2015 Form W2-G		Certain Gambling Winnings
		3. Type of wager SLOTS	4. Federal income tax withheld \$600.00		This information is being furnished to the Internal Revenue Service Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.	
PAYER'S Federal identification number 88-2xxxxxx		Payer's Telephone number 336-555-1212		5. Transaction		6. Race
WINNER'S name, address, city, state, and ZIP James C Scott 1024 Forrest Ave Budd Lake, NJ 07828		7. Winnings from identical wagers	8. Cashier			
		9. Winner's taxpayer identification no. 011-XX-XXXX	10. Window			
		11. First I.D. DRIVERS LIC	12. Second I.D. CREDIT CARD		14. State Winnings	
		13. State Payer's identification no. NJ - 144XXXXXX	15. State income tax withheld \$300.00			16. Local Winnings
		17. Local income tax withheld	18. Name of locality			
Under penalty of perjury, I declare that, to the best of my knowledge and belief, the name, address, taxpayer identification number that I furnished correctly identify me as the recipient of this payment and any payment from identical wagers, and no other person is entitled to any part of these payments.						
Signature >			Date >			
Form W-2G						

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<input type="checkbox"/> CORRECTED (if checked)				
PAYER'S name, address, city, state, and ZIP code NJ LOTTERY COMMISSION PO BOX 41 TRENTON, NJ 08610		1. Gross winnings \$1,500.00	2. Date won 03/15/2015	2015 Form W2-G Certain Gambling Winnings
		3. Type of wager LOTTERY	4. Federal income tax withheld	
		5. Transaction	6. Race	
		7. Winnings from identical wagers	8. Cashier	
PAYER'S Federal identification number 23-4XXXXXX	Payer's Telephone number	9. Winner's taxpayer identification no. 012-XX-XXXX	10. Window	This information is being furnished to the Internal Revenue Service
WINNER'S name, address, city, state, and ZIP ANNETTE SCOTT 1024 FORREST AVE BUDD LAKE, NJ 07828		11. First I.D.	12. Second I.D.	
		13. State Payer's identification no.	14. State Winnings	Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.
		15. State income tax withheld	16. Local Winnings	
		17. Local income tax withheld	18. Name of locality	
Under penalty of perjury, I declare that, to the best of my knowledge and belief, the name, address, taxpayer identification number that I furnished correctly identify me as the recipient of this payment and any payment from identical wagers, and no other person is entitled to any part of these payments.				
Signature >		Date >		
Form W-2G				

<input type="checkbox"/> CORRECTED (if checked)				
FILER'S name, address, city, state, and ZIP code Morris County University College Dr. Morristown, NJ 07960		1. Payments received for qualified tuition and related expenses \$12,500.00	2015 Form 1098-T	Tuition Statement
		2. Amounts billed for qualified tuition and related expenses		
FILER'S Federal identification number 16-1XXXXXX	STUDENT'S social security number 014-XX-XXXX	3. If this box is checked, your educational institution has changed its reporting method for 2015. <input type="checkbox"/>		Copy B For Student This is important tax information and is being furnished to the Internal Revenue Service.
STUDENT'S name, address, city, state, and ZIP code Beverly J Scott 1024 Forest Ave. Budd Lake, NJ 07828		4. Adjustments made for a prior year	5. Scholarships or grants \$4,000.00	
		6. Adjustments to scholarships or grants for a prior year	7. Checked if the amount in box 1 or 2 includes amounts for an academic period beginning January-March 2014. > <input type="checkbox"/>	
Service Provider/Acct No. (see instr.)	8. Checked if at least half-time student <input checked="" type="checkbox"/>	9. Checked if a graduate student <input type="checkbox"/>	10. Ins. contract reimb/refund	
Form 1098-T				

A 1098 was received for TY 2014 but box 7 was not checked.

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Answer Notes:

Pension Income Mason County Pension Fund – James is younger than the retirement for his company. The box should be checked in TS just above the State entries in the 1099-R to move this income to the Federal 1040 Line 7. Since James is under 65, the disability pension is not taxable in NJ. In the NJ return – Income Subject to Tax – Enter Military Pension or Survivor’s Benefit Payments received – enter the excluded amount as a negative.

Gambling Winnings for the Federal 1040 = $6,000 + 1,500 = 7,500$

Sch A Gambling Losses = 4,500

NJ Net Gambling Winnings = $7,500$ (Gross Winnings) – $1,500$ (NJ Lottery Winnings) – 4500 (Loses) = $1,500$.

Sch A Property tax = $10,200$. Since they did not itemize in 2012, the Homestead Benefit amount does not get deducted.

American Opportunity Credit – Enter $\$8,500$ for expenses. TS adjusts the amount to the MAX of $\$4,000$.

Enter the 1099 MISC before you do the SCH C. After the 1099 MISC is entered you will be given the option to enter the SCH C associated with the 1099 MISC.