1. Slaton served 10 days on jury duty in 2017, for which Slaton was paid $25 per day by the county. Slaton’s employer requires employees to remit to it all pay received by the county during jury duty, because Slaton’s employer pays employees their normal compensation for the duration of jury duty. Slaton’s W–2 income for 2017 is $40,000. What should Slaton’s adjusted gross income be for 2017?
2. $40,250
3. $40,000
4. $39,750
5. $40,125
6. Incorrect. Slaton will include in gross income both the $40,000 of W-2 income and the $250 earned for jury duty. Since Slaton’s employer requires Slaton to remit 100% of the jury duty fees to the employer, the $250 would be an adjustment for adjusted gross income (AGI). As a result, AGI would be $40,000 + $250 - $250 or $40,000.
7. **Correct!** Slaton will include in gross income both the $40,000 of W-2 income and the $250 earned for jury duty. Since Slaton’s employer requires Slaton to remit 100% of the jury duty fees to the employer, the $250 would be an adjustment for adjusted gross income (AGI). As a result, AGI would be $40,000 + $250 - $250 or $40,000.
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10. For “qualifying widow(er)” filing status, which of the following requirements must be met?
11. The surviving spouse does not remarry before the end of the current year
12. The surviving spouse was eligible to file a joint tax return in the year of the spouse’s death
13. The surviving spouse maintains the cost of the principal residence for six months.
    1. I, II, and III
    2. I and II, but not III
    3. I and III, but not II
    4. I only
14. Incorrect. A taxpayer may file a tax return as a qualifying widow or widower for 2 tax years after the year in which a spouse dies provided the couple qualified to file a joint return for the year of death; that the taxpayer provided over 50% of the cost of maintaining the principal residence of a dependent child or stepchild; and that the taxpayer has not remarried as of the end of the current year. Maintaining the cost of the taxpayer’s principal residence for six months is not sufficient.
15. **Correct!** A taxpayer may file a tax return as a qualifying widow or widower for 2 tax years after the year in which a spouse dies provided the couple qualified to file a joint return for the year of death; that the taxpayer provided over 50% of the cost of maintaining the principal residence of a dependent child or stepchild; and that the taxpayer has not remarried as of the end of the current year. Maintaining the cost of the taxpayer’s principal residence for six months is not sufficient.
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18. Which of the below prevents a husband and wife from filing a joint tax return?
19. The spouses have different accounting methods
20. The spouses have different tax years, provided that both spouses are alive at the end of the year
21. One spouse was a nonresident alien for three months during the year and no proper election was made
22. I and II only
23. II and III only
24. I and III only
25. II only
26. Incorrect. A married couple may file a return as married filing jointly only if they use the same accounting period, although they may use different accounting methods. While a couple generally cannot file a joint return if either is a nonresident alien at any time during the tax year, if a nonresident alien is married to a U.S. citizen or resident alien at the end of the year, the spouses may file jointly.
27. Incorrect. A married couple may file a return as married filing jointly only if they use the same accounting period, although they may use different accounting methods. While a couple generally cannot file a joint return if either is a nonresident alien at any time during the tax year, if a nonresident alien is married to a U.S. citizen or resident alien at the end of the year, the spouses may file jointly.
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30. Parker and his wife Marie would have been filing a joint tax return for 2015, however Marie died in October 2015. Parker has not remarried and continues to maintain a home for himself and his two children during 2015, 2016, 2017, and 2018. Parker’s filing statuses for 2015, 2016, 2017, and 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2015 | 2016 | | 2017 | 2018 |
| a. Qualifying widower | Married filing joint return | Qualifying widower | | Head of household |
| b. Married filing joint return | Married filing joint return | Head of household | | Qualifying widower |
| c. Married filing joint return | Qualifying widower | Qualifying widower | | Head of household |
| d. Qualifying widower | Qualifying widower | Head of household | | Qualifying widower |

1. Incorrect. A couple may file a joint return if they are married as of the end of the tax year or, when one spouse has died during the tax year, if they were married as of the date of death. As a result, Parker would qualify to file a joint return for 2015. A taxpayer may file a tax return as a qualifying widow or widower for 2 tax years after the year in which a spouse dies provided the couple qualified to file a joint return for the year of death; that the taxpayer provided over 50% of the cost of maintaining the principal residence of a dependent child or stepchild; and that the taxpayer has not remarried as of the end of the current year. As a result, Parker will file as a qualifying widower for 2016 and 2017. In 2018, Parker may no longer file as a qualified widower but may file as a head of household, which is an unmarried taxpayer that maintains a home that is the principal residence of a qualifying relative, such as a child.
2. Incorrect. A couple may file a joint return if they are married as of the end of the tax year or, when one spouse has died during the tax year, if they were married as of the date of death. As a result, Parker would qualify to file a joint return for 2015. A taxpayer may file a tax return as a qualifying widow or widower for 2 tax years after the year in which a spouse dies provided the couple qualified to file a joint return for the year of death; that the taxpayer provided over 50% of the cost of maintaining the principal residence of a dependent child or stepchild; and that the taxpayer has not remarried as of the end of the current year. As a result, Parker will file as a qualifying widower for 2016 and 2017. In 2018, Parker may no longer file as a qualified widower but may file as a head of household, which is an unmarried taxpayer that maintains a home that is the principal residence of a qualifying relative, such as a child.
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5. Which of the following items are included in determining the total support of a dependent?
6. Medical expenditures paid on behalf of the dependent
7. Life insurance premiums paid on behalf of the dependent
8. Fair rental value of dependent’s lodging
9. All of the above
10. I and II only
11. I and III only
12. I only
13. Incorrect. To determine if a taxpayer provided over 50% of a qualifying relative’s support, or if more than 50% of the support of a qualifying child was provided by that child, Payments for food, lodging, clothing, education, medical and dental care, recreation, transportation, and other necessities are included. Income, social security, and Medicare taxes paid from the individual’s own income; life insurance premiums; and funeral expenses are not included.
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17. Kyle and Elena Smith contributed to the support of their two children, Alexandra and Matthew, and Elena’s divorced father, Nick. For 2017, Alexandra, a 22-year-old full-time college student, earned $1,700 from a part-time job. Matthew, a 27-year-old full-time graduate student, earned $23,000 from his job as a teaching assistant. Nick received $12,000 in capital gains income and $7,000 in nontaxable Social Security benefits. Alexandra, Matthew, and Nick are U.S. citizens and were over one-half supported by Kyle and Elena. How many exemptions can Kyle and Elena claim on their 2017 joint income tax return?
18. 2
19. 3
20. 4
21. 5
22. Incorrect. Kyle and Elena will be able to claim 3 exemptions, including 2 for themselves, on their joint return. Alexandra is a qualifying child since she is a student under the age of 24, resulting in the third exemption. Matthew, being older than 24, is not a qualifying child. Since Nick has gross income, which includes the $12,000 in capital gains but excludes the nontaxable social security benefits, in excess of the exemption amount, Nick is not a qualifying relative and does not provide an additional exemption.
23. **Correct!** Kyle and Elena will be able to claim 3 exemptions, including 2 for themselves, on their joint return. Alexandra is a qualifying child since she is a student under the age of 24, resulting in the third exemption. Matthew, being older than 24, is not a qualifying child. Since Nick has gross income, which includes the $12,000 in capital gains but excludes the nontaxable social security benefits, in excess of the exemption amount, Nick is not a qualifying relative and does not provide an additional exemption.
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