

TRP 5

Individual Tax Return Problem

This solution is for the 2012 tax year. Required forms include Form 1040, Schedule A, Schedule D, Form 2441, Form 4684, and Form 8863.

Income: \$59,800 salary + \$31,950 salary + \$310 total interest + \$1,300 excess casualty reimbursement = \$93,360.

(The casualty is reported on Part I of the Form 4684 but the gain (\$5,000 reimbursement - \$3,700 basis) is transferred directly to Schedule D.)

AGI: \$93,360 - \$250 classroom expenses = \$93,110

Itemized deductions:

Medical expenses: \$1,200 + \$2,800 + \$300 < 7½% of AGI = 0 deductible (\$93,110 x .075 = \$6,983)

Mortgage interest: \$1,800 points + \$7,250 = \$9,050

Taxes: \$1,825 real estate + \$185 tax portion of auto license + \$2,000 state income taxes* = \$4,010

Total = \$9,050 + \$4,010 = \$13,060

*Either sales taxes or state income taxes can be deducted, but not both.

Unreimbursed business expenses: \$1,120 - \$250 = \$870; \$870 + \$300 = \$1,170; this is less than 2 percent of their AGI (\$93,110 x .02 = \$1,862). They have no deduction.

Exemptions: 4 x \$3,800 = \$15,200

\$93,110 - \$13,060 itemized deductions - \$15,200 exemptions = \$64,850 taxable income

Gross tax: Tax on \$63,550 (\$64,850 - \$1,300 capital gain) = \$8,666 (Calculated using the 2012 tax tables.)

Tax on \$1,300 capital gain is zero.

Child care credit: .20 x \$2,300 = \$460

Lifetime learning credit: .20 x \$1,400 = \$280

Child tax credit: 2 x \$1,000 = \$2,000

Total tax: \$8,666 - \$460 - \$280 - \$2,000 = \$5,926

Taxes withheld: \$7,600 + \$3,280 = \$10,880

Refund: \$10,880 - \$5,926 = \$4,954

Contributions to the Roth IRA are not deductible.

Changes for tax year 2013:

Their income and itemized deductions will remain the same. The exemption amount increases to \$3,900 x 4 = \$15,600, reducing their taxable income to \$64,450. Their tax on \$63,150 (\$64,450 - \$1,300 capital gain) using the 2013 tax rate schedules is \$8,580. After subtracting the \$2,740 in tax credits (\$460 + \$280 + \$2,000) and the \$10,880 taxes withheld, their refund will be \$5,040.

For the year Jan. 1–Dec. 31, 2012, or other tax year beginning

, 2012, ending

, 20

See separate instructions.

Your first name and initial

Cletus

Last name

Mayor

Your social security number

223-34-4444

If a joint return, spouse's first name and initial

Josepha

Last name

Mayor

Spouse's social security number

322-32-2222

Home address (number and street). If you have a P.O. box, see instructions.

2907 Seven Oaks Lane

Apt. no.

▲ Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

Columbia SC 29210

Presidential Election CampaignCheck here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
☐ You ☐ Spouse

Foreign country name

Foreign province/state/county

Foreign postal code

Filing Status1 ☐ Single2 ☒ Married filing jointly (even if only one had income)3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶5 ☐ Qualifying widow(er) with dependent child

Check only one box.

Exemptions6a ☒ **Yourself.** If someone can claim you as a dependent, **do not** check box 6ab ☒ **Spouse**c **Dependents:**

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)
Sheena	Mayor	344-44-1234	Daughter	<input checked="" type="checkbox"/>
Carletta	Mayor	566-55-6543	Daughter	<input checked="" type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

If more than four dependents, see instructions and check here ☐

d Total number of exemptions claimed

Boxes checked on 6a and 6b

No. of children on 6c who:

• lived with you

• did not live with you due to divorce or separation (see instructions)

Dependents on 6c not entered above

Add numbers on lines above ▶

4

Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2

8a **Taxable** interest. Attach Schedule B if requiredb **Tax-exempt** interest. **Do not** include on line 8a 8b

9a Ordinary dividends. Attach Schedule B if required

b Qualified dividends 9b

10 Taxable refunds, credits, or offsets of state and local income taxes

11 Alimony received

12 Business income or (loss). Attach Schedule C or C-EZ

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐

14 Other gains or (losses). Attach Form 4797

15a IRA distributions 15a

b Taxable amount 15b

16a Pensions and annuities 16a

b Taxable amount 16b

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E

18 Farm income or (loss). Attach Schedule F

19 Unemployment compensation

20a Social security benefits 20a

b Taxable amount 20b

21 Other income. List type and amount

22 Combine the amounts in the far right column for lines 7 through 21. This is your **total income** ▶

23 Educator expenses 23

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 24

25 Health savings account deduction. Attach Form 8889 25

26 Moving expenses. Attach Form 3903 26

27 Deductible part of self-employment tax. Attach Schedule SE 27

28 Self-employed SEP, SIMPLE, and qualified plans 28

29 Self-employed health insurance deduction 29

30 Penalty on early withdrawal of savings 30

31a Alimony paid b Recipient's SSN ▶

32 IRA deduction 32

33 Student loan interest deduction 33

34 Tuition and fees. Attach Form 8917 34

35 Domestic production activities deduction. Attach Form 8903 35

36 Add lines 23 through 35 36

37 Subtract line 36 from line 22. This is your **adjusted gross income** ▶

37

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

Adjusted Gross Income

**SCHEDULE A
(Form 1040)**Department of the Treasury
Internal Revenue Service (99)**Itemized Deductions**► Information about Schedule A and its separate instructions is at www.irs.gov/form1040.

► Attach to Form 1040.

OMB No. 1545-0074

2012Attachment
Sequence No. **07**

Name(s) shown on Form 1040

Cletus & Josepha Mayor

Your social security number

223-34-4444

**Medical
and
Dental
Expenses****Caution.** Do not include expenses reimbursed or paid by others.

- | | | | |
|---|---|---|---------|
| 1 | Medical and dental expenses (see instructions) | 1 | 4,300. |
| 2 | Enter amount from Form 1040, line 38 | 2 | 93,110. |
| 3 | Multiply line 2 by 7.5% (.075) | 3 | 6,983. |
| 4 | Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- | 4 | 0. |

**Taxes You
Paid**

5 State and local (check only one box):

- | | | | |
|---|--|---|--------|
| a | <input checked="" type="checkbox"/> Income taxes, or | 5 | 2,000. |
| b | <input type="checkbox"/> General sales taxes | | |

- | | | | |
|---|--------------------------------------|---|--------|
| 6 | Real estate taxes (see instructions) | 6 | 1,825. |
| 7 | Personal property taxes | 7 | 185. |
| 8 | Other taxes. List type and amount ► | 8 | |

9 Add lines 5 through 8 9 4,010.

**Interest
You Paid**

- | | | | |
|----|--|----|--------|
| 10 | Home mortgage interest and points reported to you on Form 1098 | 10 | 9,050. |
| 11 | Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ► | 11 | |

Note.
Your mortgage
interest
deduction may
be limited (see
instructions).

- | | | | |
|----|---|----|--------|
| 12 | Points not reported to you on Form 1098. See instructions for special rules | 12 | |
| 13 | Mortgage insurance premiums (see instructions) | 13 | |
| 14 | Investment interest. Attach Form 4952 if required. (See instructions.) | 14 | |
| 15 | Add lines 10 through 14 | 15 | 9,050. |

**Gifts to
Charity**If you made a
gift and got a
benefit for it,
see instructions.

- | | | | |
|----|---|----|--|
| 16 | Gifts by cash or check. If you made any gift of \$250 or more, see instructions | 16 | |
| 17 | Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500 | 17 | |
| 18 | Carryover from prior year | 18 | |
| 19 | Add lines 16 through 18 | 19 | |

**Casualty and
Theft Losses**

- | | | | |
|----|---|----|--|
| 20 | Casualty or theft loss(es). Attach Form 4684. (See instructions.) | 20 | |
|----|---|----|--|

**Job Expenses
and Certain
Miscellaneous
Deductions**

- | | | | |
|----|--|----|---------|
| 21 | Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ► \$300 Form 2106; \$820 excess ed. exp. | 21 | 1,170. |
| 22 | Tax preparation fees | 22 | |
| 23 | Other expenses—investment, safe deposit box, etc. List type and amount ► | 23 | |
| 24 | Add lines 21 through 23 | 24 | 1,170. |
| 25 | Enter amount from Form 1040, line 38 | 25 | 93,110. |
| 26 | Multiply line 25 by 2% (.02) | 26 | 1,862. |
| 27 | Subtract line 26 from line 24. If line 26 is more than line 24, enter -0- | 27 | 0. |

**Other
Miscellaneous
Deductions**

- | | | | |
|----|---|----|--|
| 28 | Other—from list in instructions. List type and amount ► | 28 | |
|----|---|----|--|

**Total
Itemized
Deductions**

- | | | | |
|----|---|----|---------|
| 29 | Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40 | 29 | 13,060. |
|----|---|----|---------|

- | | | | |
|----|---|--|--------------------------|
| 30 | If you elect to itemize deductions even though they are less than your standard deduction, check here | | <input type="checkbox"/> |
|----|---|--|--------------------------|

**SCHEDULE D
(Form 1040)**Department of the Treasury
Internal Revenue Service (99)**Capital Gains and Losses**

▶ Attach to Form 1040 or Form 1040NR.

▶ Information about Schedule D and its separate instructions is at www.irs.gov/form1040.

▶ Use Form 8949 to list your transactions for lines 1, 2, 3, 8, 9, and 10.

OMB No. 1545-0074

2012
Attachment
Sequence No. **12**

Name(s) shown on return

Cletus & Josepha Mayor

Your social security number

223-34-4444

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

Complete Form 8949 before completing line 1, 2, or 3.

This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price) from Form(s) 8949, Part I, line 2, column (d)	(e) Cost or other basis from Form(s) 8949, Part I, line 2, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1 Short-term totals from all Forms 8949 with box A checked in Part I				
2 Short-term totals from all Forms 8949 with box B checked in Part I				
3 Short-term totals from all Forms 8949 with box C checked in Part I				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions				6 ()
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back				7

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

Complete Form 8949 before completing line 8, 9, or 10.

This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price) from Form(s) 8949, Part II, line 4, column (d)	(e) Cost or other basis from Form(s) 8949, Part II, line 4, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 4, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8 Long-term totals from all Forms 8949 with box A checked in Part II				
9 Long-term totals from all Forms 8949 with box B checked in Part II				
10 Long-term totals from all Forms 8949 with box C checked in Part II				
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11 1,300.
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12
13 Capital gain distributions. See the instructions				13
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions				14 ()
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (h). Then go to Part III on the back				15 1,300.

For Paperwork Reduction Act Notice, see your tax return instructions. BAA

REV 01/02/13 TTW

Schedule D (Form 1040) 2012

Part III Summary

16	Combine lines 7 and 15 and enter the result	16	1,300.
<ul style="list-style-type: none"> • If line 16 is a gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. • If line 16 is a loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. • If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22. 			
17	Are lines 15 and 16 both gains? <input checked="" type="checkbox"/> Yes. Go to line 18. <input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.		
18	Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet in the instructions . . . ▶	18	
19	Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions ▶	19	
20	Are lines 18 and 19 both zero or blank? <input checked="" type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). Do not complete lines 21 and 22 below. <input type="checkbox"/> No. Complete the Schedule D Tax Worksheet in the instructions. Do not complete lines 21 and 22 below.		
21	If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the smaller of: <div style="display: flex; align-items: center;"> <ul style="list-style-type: none"> • The loss on line 16 or • (\$3,000), or if married filing separately, (\$1,500) <div style="font-size: 3em; margin: 0 10px;">}</div> <div style="flex-grow: 1; border-bottom: 1px solid black; position: relative;"> <div style="position: absolute; right: -10px; top: -5px;">.</div> </div> </div>	21	()
Note. When figuring which amount is smaller, treat both amounts as positive numbers.			
22	Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b? <input type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). <input type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.		

Child and Dependent Care ExpensesDepartment of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040, Form 1040A, or Form 1040NR.

▶ Information about Form 2441 and its separate instructions is at
www.irs.gov/form2441.1040
1040A
1040NR

2441

OMB No. 1545-0074

2012Attachment
Sequence No. **21**

Name(s) shown on return

Cletus & Josepha Mayor

Your social security number

223-34-4444

Part I **Persons or Organizations Who Provided the Care—You must complete this part.**
(If you have more than two care providers, see the instructions.)

1 (a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)
Dawn-to-Dust Care 3331234567	Elk Grove St Columbia SC 29210	59-1234567	2,300.

Did you receive
dependent care benefits?

No

Yes

Complete only Part II below.

Complete Part III on the back next.

Caution. If the care was provided in your home, you may owe employment taxes. If you do, you cannot file Form 1040A. For details, see the instructions for Form 1040, line 59a, or Form 1040NR, line 58a.**Part II** **Credit for Child and Dependent Care Expenses****2** Information about your **qualifying person(s)**. If you have more than two qualifying persons, see the instructions.

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 2012 for the person listed in column (a)
First	Last		
Sheena	Mayor	344-44-1234	1,150.
Carletta	Mayor	566-55-6543	1,150.

3 Add the amounts in column (c) of line 2. **Do not** enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 31**3**

2,300.

4 Enter your **earned income**. See instructions**4**

59,800.

5 If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); **all others**, enter the amount from line 4**5**

31,950.

6 Enter the **smallest** of line 3, 4, or 5**6**

2,300.

7 Enter the amount from Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 37.**7**

93,110.

8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7

If line 7 is:

Over	But not over	Decimal amount is
------	--------------	-------------------

\$0—15,000	.35
15,000—17,000	.34
17,000—19,000	.33
19,000—21,000	.32
21,000—23,000	.31
23,000—25,000	.30
25,000—27,000	.29
27,000—29,000	.28

If line 7 is:

Over	But not over	Decimal amount is
------	--------------	-------------------

\$29,000—31,000	.27
31,000—33,000	.26
33,000—35,000	.25
35,000—37,000	.24
37,000—39,000	.23
39,000—41,000	.22
41,000—43,000	.21
43,000—No limit	.20

8

X .20

9 Multiply line 6 by the decimal amount on line 8. If you paid 2011 expenses in 2012, see the instructions**9**

460.

10 Tax liability limit. Enter the amount from the Credit Limit Worksheet in the instructions.**10**

8,666.

11 **Credit for child and dependent care expenses.** Enter the **smaller** of line 9 or line 10 here and on Form 1040, line 48; Form 1040A, line 29; or Form 1040NR, line 46**11**

460.

For Paperwork Reduction Act Notice, see your tax return instructions. BAA

REV 11/13/12 TTW

Form **2441** (2012)

Casualties and Thefts► Information about Form 4684 and its separate instructions is at www.irs.gov/form4684.

► Attach to your tax return.

► Use a separate Form 4684 for each casualty or theft.

Name(s) shown on tax return

Cletus & Josepha Mayor

Identifying number

223-34-4444

SECTION A—Personal Use Property (Use this section to report casualties and thefts of property **not** used in a trade or business or for income-producing purposes.)

- 1 Description of properties (show type, location, and date acquired for each property). Use a separate line for each property lost or damaged from the same casualty or theft.

Property A Diamond Ring

01/01/2000

Property B _____

Property C _____

Property D _____

Properties

		A	B	C	D
2	Cost or other basis of each property	3,700.			
3	Insurance or other reimbursement (whether or not you filed a claim) (see instructions)	5,000.			
Note: If line 2 is more than line 3, skip line 4.					
4	Gain from casualty or theft. If line 3 is more than line 2, enter the difference here and skip lines 5 through 9 for that column. See instructions if line 3 includes insurance or other reimbursement you did not claim, or you received payment for your loss in a later tax year	1,300.			
5	Fair market value before casualty or theft				
6	Fair market value after casualty or theft				
7	Subtract line 6 from line 5				
8	Enter the smaller of line 2 or line 7				
9	Subtract line 3 from line 8. If zero or less, enter -0-				
10	Casualty or theft loss. Add the amounts on line 9 in columns A through D				
11	Enter the smaller of line 10 or \$100				
12	Subtract line 11 from line 10				
Caution: Use only one Form 4684 for lines 13 through 18.					
13	Add the amounts on line 12 of all Forms 4684				0.
14	Add the amounts on line 4 of all Forms 4684.				1,300.
15	• If line 14 is more than line 13, enter the difference here and on Schedule D. Do not complete the rest of this section (see instructions). • If line 14 is less than line 13, enter -0- here and go to line 16. • If line 14 is equal to line 13, enter -0- here. Do not complete the rest of this section.				1,300.
16	If line 14 is less than line 13, enter the difference				
17	Enter 10% of your adjusted gross income from Form 1040, line 38, or Form 1040NR, line 37. Estates and trusts, see instructions				
18	Subtract line 17 from line 16. If zero or less, enter -0-. Also enter the result on Schedule A (Form 1040), line 20, or Form 1040NR, Schedule A, line 6. Estates and trusts, enter the result on the "Other deductions" line of your tax return				

Education Credits
(American Opportunity and Lifetime Learning Credits)

► See separate instructions to find out if you are eligible to take the credits.
► Instructions and more are at www.irs.gov/form8863. Attach to Form 1040 or Form 1040A.

OMB No. 1545-0074

2012
Attachment
Sequence No. **50**

Name(s) shown on return

Cletus & Josepha Mayor

Your social security number

223-34-4444



Complete a separate Part III on page 2 for each student for whom you are claiming either credit before you complete Parts I and II.

Part I Refundable American Opportunity Credit

1	After completing Part III for each student, enter the total of all amounts from all Parts III, line 30	1	
2	Enter: \$180,000 if married filing jointly; \$90,000 if single, head of household, or qualifying widow(er)	2	
3	Enter the amount from Form 1040, line 38, or Form 1040A, line 22. If you are filing Form 2555, 2555-EZ, or 4563, or you are excluding income from Puerto Rico, see Pub. 970 for the amount to enter	3	
4	Subtract line 3 from line 2. If zero or less, stop ; you cannot take any education credit	4	
5	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)	5	
6	If line 4 is: • Equal to or more than line 5, enter 1.000 on line 6 • Less than line 5, divide line 4 by line 5. Enter the result as a decimal (rounded to at least three places)	6	
7	Multiply line 1 by line 6. Caution: If you were under age 24 at the end of the year and meet the conditions described in the instructions, you cannot take the refundable American opportunity credit; skip line 8, enter the amount from line 7 on line 9, and check this box <input type="checkbox"/>	7	
8	Refundable American opportunity credit. Multiply line 7 by 40% (.40). Enter the amount here and on Form 1040, line 66, or Form 1040A, line 40. Then go to line 9 below.	8	

Part II Nonrefundable Education Credits

9	Subtract line 8 from line 7. Enter here and on line 8 of the Credit Limit Worksheet (see instructions)	9	
10	After completing Part III for each student, enter the total of all amounts from all Parts III, line 31. If zero skip lines 11 through 17, enter -0- on line 18, and go to line 19	10	1,400.
11	Enter the smaller of line 10 or \$10,000	11	1,400.
12	Multiply line 11 by 20% (.20)	12	280.
13	Enter: \$124,000 if married filing jointly; \$62,000 if single, head of household, or qualifying widow(er)	13	124,000.
14	Enter the amount from Form 1040, line 38, or Form 1040A, line 22. If you are filing Form 2555, 2555-EZ, or 4563, or you are excluding income from Puerto Rico, see Pub. 970 for the amount to enter	14	93,110.
15	Subtract line 14 from line 13. If zero or less, skip lines 16 and 17, enter -0- on line 18, and go to line 19	15	30,890.
16	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)	16	20,000.
17	If line 15 is: • Equal to or more than line 16, enter 1.000 on line 17 and go to line 18 • Less than line 16, divide line 15 by line 16. Enter the result as a decimal (rounded to at least three places)	17	1.000
18	Multiply line 12 by line 17. Enter here and on line 1 of the Credit Limit Worksheet (see instructions) ►	18	280.
19	Nonrefundable education credits. Enter the amount from line 13 of the Credit Limit Worksheet (see instructions) here and on Form 1040, line 49, or Form 1040A, line 31	19	280.

Name(s) shown on return

Cletus & Josepha Mayor

Your social security number

223-34-4444



Complete Part III for each student for whom you are claiming either the American opportunity credit or lifetime learning credit. Use additional copies of Page 2 as needed for each student.

Part III Student and Educational Institution Information

See instructions.

20 Student name (as shown on page 1 of your tax return) Josepha Mayor	21 Student social security number (as shown on page 1 of your tax return) 322-32-2222
22 Educational institution information (see instructions)	
a. Name of first educational institution Local college	b. Name of second educational institution (if any)
(1) Address. Number and street (or P.O. box). City, town or post office, state, and ZIP code. If a foreign address, see instructions. 1234 University Drive Miami FL 33156	(1) Address. Number and street (or P.O. box). City, town or post office, state, and ZIP code. If a foreign address, see instructions.
(2) Did the student receive Form 1098-T from this institution for 2012? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	(2) Did the student receive Form 1098-T from this institution for 2012? <input type="checkbox"/> Yes <input type="checkbox"/> No
(3) Did the student receive Form 1098-T from this institution for 2011 with Box 2 filled in and Box 7 checked? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	(3) Did the student receive Form 1098-T from this institution for 2011 with Box 2 <input type="checkbox"/> Yes <input type="checkbox"/> No filled in and Box 7 checked?
If you checked "No" in both (2) and (3) , skip (4) .	
(4) If you checked "Yes" in (2) or (3) , enter the institution's federal identification number (from Form 1098-T).	(4) If you checked "Yes" in (2) or (3) , enter the institution's federal identification number (from Form 1098-T).
23 Has the Hope Scholarship Credit or American opportunity credit been claimed for this student for any 4 prior tax years? <input type="checkbox"/> Yes — Stop! Go to line 31 for this student. <input checked="" type="checkbox"/> No — Go to line 24.	
24 Was the student enrolled at least half-time for at least one academic period that began in 2012 at an eligible educational institution in a program leading towards a postsecondary degree, certificate, or other recognized postsecondary educational credential? (see instructions) <input type="checkbox"/> Yes — Go to line 25. <input checked="" type="checkbox"/> No — Stop! Go to line 31 for this student.	
25 Did the student complete the first 4 years of post-secondary education before 2012? <input type="checkbox"/> Yes — Stop! Go to line 31 for this student. <input type="checkbox"/> No — Go to line 26.	
26 Was the student convicted, before the end of 2012, of a felony for possession or distribution of a controlled substance? <input type="checkbox"/> Yes — Stop! Go to line 31 for this student. <input type="checkbox"/> No — See <i>Tip</i> below and complete either lines 27-30 or line 31 for this student.	



When you figure your taxes, you may want to compare the American opportunity credit and lifetime learning credits, and choose the credit for each student that gives you the lower tax liability. You **cannot** take the American opportunity credit and the lifetime learning credit for the **same student** in the same year. If you complete lines 27 through 30 for this student, do not complete line 31.

American Opportunity Credit

27	Adjusted qualified education expenses (see instructions). Do not enter more than \$4,000	27	
28	Subtract \$2,000 from line 27. If zero or less enter -0-	28	
29	Multiply line 28 by 25% (.25)	29	
30	If line 28 is zero, enter the amount from line 27. Otherwise, add \$2,000 to the amount on line 29 and enter the result. Skip line 31. Include the total of all amounts from all Parts III, line 30 on Part I, line 1	30	

Lifetime Learning Credit

31	Adjusted qualified education expenses (see instructions). Include the total of all amounts from all Parts III, line 31, on Part II, line 10	31	1,400.
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