

Table of Contents

Preliminary Work and General Filing Requirements	1
General Requirement to File	3
Signatures	4
Marital Status	6
Married	6
Unmarried	7
Filing Status	7
Single	7
Married Filing Jointly	8
Qualifying Widow(er) With Dependent Child	9
Married Filing Separately	9
Head of Household	11
Age	15
Residency	16
Resident Alien	16
Nonresident Alien	18
Dual-status Alien	19
U.S. or Foreign Source Income	20
Interest	20
Dividends	21
Transportation Income	21
Personal Services	21
Scholarships, Grants, Prizes, and Awards	22
Pension and Annuities	23
Rents and Royalties	23
Real Property	23
Personal Property	23
Exclusions from Income	24
Income Categories for Nonresident Alien	25
Identification Number	27
IP Pin	28
Exemptions	28
Personal Exemption	28
Dependency Exemption	29
Exemption Phase-out	40

Standard Deduction	41
Dependent's Standard Deduction	41
No Standard Deduction.	43
Individuals Required to File	43
Dependents	44
Decedents.	46
Other Filing Requirement Situations.	47
Kiddie Tax	50
Child Filing a Return	50
Parent's Election to Report Child's Interest and Dividends	51
Due Dates.	53
Form 1040	53
Form 1040-NR and 1040NR-EZ	55
Tax Return Penalties	56
Late Filing	56
Late Payment	56
Accuracy-related Penalty.	56
Filing an Erroneous Claim	57
Frivolous Tax Submission	57
Failure to Supply SSN	57
Criminal Penalties	57
General Filing Review Questions	59
General Filing Review Answers	63
Income and Assets.	69
Income	69
Wages, Salaries, and Other Earnings.	72
Interest Income	94
Dividends and Other Corporate Distributions.	103
Rental Activity	112
Real Estate Professional	124
Royalty Income	124
Gambling	125
Debt Forgiveness Income	129
Foreign Earned Income	133
Other Income	140

Income Review Questions	157
Income Review Answers	163
Retirement Income	169
Individual Retirement Account	169
Roth IRAs	191
Retirement Plans, Pensions, and Annuities	196
Loans from §401(k) Plans	207
myRA	208
Social Security and Equivalent Railroad Retirement Benefits	210
Foreign Pensions	215
Retirement Income Review Questions	217
Retirement Income Review Answers	221
Real and Personal Property	225
Basis of Assets	225
Sales and Other Dispositions	240
Holding Period	249
Capital Gains and Losses	250
Installment Sales	265
Sale of a Principal Residence	276
Real and Personal Property Review Questions	285
Real and Personal Property Review Answers	289
Adjustments to Income	295
Educator Expenses	295
Business Expenses of Reservists, Performing Artists, and Fee-basis Officials	295
Health Savings Account	296
Moving Expenses	297
Self-employment Tax	301
Self-employed SEP, SIMPLE, and Qualified Plans	302
Self-employed Health Insurance	303
Penalty on Early Withdrawal of Savings	304
Alimony	304
IRA Deduction	306
Student Loan Interest Deduction	306
Tuition and Fees Deduction	307
Domestic Production Activities Deduction	309

Line 36 Write-in Adjustments	310
Adjustments to Income Review Questions	313
Adjustments to Income Review Answers	319
Deductions and Credits	325
Itemized Deductions	325
Medical and Dental Expenses	325
Taxes	328
Interest Expense	332
Charitable Contributions	342
Casualty and Theft Losses	352
Nonbusiness Bad Debts	358
Transportation and Other Employee Business Expenses	359
Employee's Educational Expenses	376
Miscellaneous Itemized Deductions	380
AGI Limitation on Itemized Deductions	384
Nonresident Itemized Deductions	385
Deductions Review Questions	387
Deductions Review Answers	391
Notes	396
Credits	397
Nonrefundable Credits	397
Refundable Credits	423
Tax Credits For Nonresident Aliens	433
Credits Review Questions	437
Credits Review Answers	441
Taxation and Advice	445
Alternative Minimum Tax	445
AMTI Adjustments and Preferences	446
Tax Credits Allowed to Offset AMT	447
Minimum Tax Credit	448
MTC Calculation	448
MTC Limitation	449
Excess Advanced Premium Tax Credit Repayment	449
Self-employment Tax	449
Clergy or Religious Order	450

Other Taxes	451
Unreported Social Security and Medicare Tax	451
Additional Tax on IRAs and Other Qualified Plans	452
Household Employees	452
First-time Homebuyer Credit Repayment	455
Individual Shared Responsibility	455
Additional Medicare Tax	459
Net Investment Income Tax	460
Tax Withholding	460
Job Related	461
Pension and Annuity	462
Gambling Winnings	463
Unemployment Compensation	463
Federal Payments	463
Backup Withholding	464
Estimated Tax	464
Underpayment	466
Amended Returns and Claim for Refund	468
Injured Spouse	469
Innocent Spouse	470
Form 911	473
Taxation and Advice Review Questions	475
Taxation and Advice Review Answers	479
Specialized Returns for Individuals	483
Estate Income Taxes	484
Income and Deductions in Respect of a Decedent	484
Retirement Accounts	486
Deductions	492
Estate Tax Paid on IRD	492
Life Insurance	493
Gifts and Inheritances	494
Returns for Decedents	494
Income Tax Return	495
Form 1040	495
Form 1041	500

Distributions to Beneficiaries from an Estate	507
Termination	510
Estate Income Tax Review Questions	513
Estate Income Tax Review Answers	517
Transfer Tax.	523
Applicable Credit Amount	523
Estate Tax Return	523
Gross Estate	524
Estate Valuation.	525
Taxable Estate.	527
Time to File and Pay	531
Gift Tax	533
Annual Exclusion.	536
Filing	537
Joint Tenancy	538
Gift Splitting.	539
Valuation	540
Form Completion	541
Special Rules	542
Generation-skipping Transfer Tax	543
Transfer and Gift Tax Review Questions	545
Transfer and Gift Tax Review Answers.	549
Foreign Account and Asset Reporting	555
Form 8938	555
FinCEN Form 114	556
Appendix	559
Appendix A: Worksheets.	559
Appendix B: Forms	567
Appendix C: Formulas.	579