



Addendum: 2015 The Essential 1040

Revision 1:

Page 160

A correction was made to Question 4, Answer A. The word refundable was added before the child tax credit. Answer A now reads, "The refundable child tax credit is not available when the taxpayer claims the foreign earned income exclusion on Form 2555."

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Corrections were made to Questions 7-9.

Question 7, Answer B – the word refundable was added before child tax credit. Answer B now reads, "Taxpayers claiming the foreign earned income exclusion can also claim the refundable child tax credit."

Question 7, Answer C – the age was changed to 40. Answer C now read, "A federal firefighter is not subject to the 10% penalty on an early distribution from his pension plan if he separates from service after attaining age 40."

Question 8 – the question now asks for the correct answer. The question now reads, "In reference to an ABLE account which of the following is correct?"

Question 8, Answer B – tax-free was changed to taxable. Answer B now reads, "Distributions used to pay qualified disability expenses of the designated beneficiary are taxable."

Question 8, Answer C – contributor was changed to beneficiary. Answer B now reads, "An ABLE account can accept annual contributions for a maximum of \$14,000 per beneficiary per year."

Question 9, Answer A – added the year 2014 and 2015. Answer A now reads, "Employer that employed 30 full-time employees in 2014 and 2015."

Question 9, Answer B – changed the number of employees to 103 for 2014 and 90 for 2015. Answer B now reads, "Employer that employed 103 full-time employees in 2014, but 90 employees in 2015."

Question 9, Answer C – changed to the type of employer to an employer that employed 100 full-time employees in 2014 and 2015. Answer C now reads, "Employer that employed 100 full-time employees in 2014 and 2015."

Question 9, Answer D – changed number of employees to 100 for 2014 and 2015. Answer D now reads, "Nonprofit entity employer that employed 100 employees in 2014 and 2015."



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A correction was made to Answer 4A. The word refundable was added before the child tax credit. The feedback for Answer 4A now reads, "The refundable child tax credit is not available when the taxpayer claims the foreign earned income exclusion on Form 2555."

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Corrections were made to Answers 7-9.

Answer 7B – the word refundable was added before child tax credit. The feedback for Answer 7B now reads, "IRS will not allow a refundable child tax credit for any taxpayer claiming a foreign earned income exclusion."

Answer 8A – changed information to distributions. The feedback for Answer 8A now reads, "Form 1099-QA reports the distributions to designated beneficiaries."

Answer 8D – changed distributions to information. The feedback for Answer 8D now reads, "Form 5498-QA reports the information from an ABLE account."

Answer 9A – added the years. The feedback for Answer 9A now reads, "A small employer that only employed 30 full-time employees in 2014 and 2015 is not required to provide affordable health insurance."

Answer 9B – does not qualify for the transition rule was added. Answer 9B now reads, "An employer that employs at least 50 full-time employees and does not qualify for the transition rule must provide affordable health insurance."

Answer 9C – changed the employer to not be a government entity, added years and changed the number of employees. Answer 9C now reads, "An employer that employs at least 100 full-time employees in 2014 and 2015 does not qualify for the transitional rule and must provide affordable health insurance."

Answer 9D – added years 2014 and 2015. Answer 9D now reads, "A nonprofit entity employer that employed at least 100 full-time in employees in 2014 and 2015 does not qualify for the transitional rule and must provide affordable health insurance."



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The second sentence of the paragraph under the heading “Return Preparation §10.8” was removed. That paragraph now reads, “Any individual, who for compensation prepares or assists with the preparation of all or substantially all of a tax return or claim for refund must have a preparer tax identification number. Any individual who for compensation prepares or assists with the preparation of all or substantially all of a tax return or claim for refund is subject to the duties and restrictions relating to practice in subpart B, as well as subject to the sanctions for violation of the regulations in subpart C.”

Date of revision: 10.14.2015

Revision 2:

Page 119

Under Exempt Individuals, 8% was changed to 8.05% in the fifth bullet point. The bullet point now reads, “Individuals who cannot afford coverage because the individuals required contribution exceeds 8.05% of the individual’s household income for the taxable year.”

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In the Joyce Brown example, 8% was changed to 8.05%. The calculation in the example now reads, “As a result, Joyce can claim the exemption for unaffordable coverage because her required contribution (\$5,000) is more than 8.05% of her household income (\$4,830, which is \$60,000 multiplied by .0805).”

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Revision 3:

Page 122

The first paragraph under Individuals Who Cannot Afford Coverage, the required contribution percentage was changed from 8% to 8.05%. The first sentence now reads, “If an individual has a **required contribution** that exceeds 8.05% of his or her **household income**, the individual is exempt and not required to purchase insurance.”



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The last sentence of the last paragraph was changed from 8% to 8.05%. The sentence now reads, "If the net amount exceeds 8.05% of the taxpayer's household income, the taxpayer does not receive a penalty."

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The third bullet point listed the transitional continuing education requirements that were in effect for the 2015 filing period (2014 tax returns). The text is updated as follows.

- Complete the required continuing education.
 - Tax preparers required to take the annual refresher course must obtain a total of 18 hours consisting of 10 hours of federal tax law topics, 6 hours of federal tax law updates, and 2 hours of ethics. The annual refresher will satisfy the 6 hours of federal tax law updates.
 - Tax preparers exempt from the annual refresher course must obtain a total of 15 hours consisting of 10 hours of federal tax law topics, 3 hours of federal tax law updates, and 2 hours of ethics.

Date of revision: 10.27.2015