

Name \_\_\_\_\_

HW Income Tax Day 2

**Show all work**

1. Brooke is single and has the following deductible expenditures: \$8600 for interest on a home mortgage, \$2700 for contributions to charity, and \$645 for state income taxes. Should she itemize her deductions or claim the standard deduction?

2. Jason is head of household. He has the following deductible expenditures: \$3020 for interest on a home mortgage, \$1225 for prescription drugs, \$2250 for a hospital emergency visit, \$410 for contributions to his church, and \$605 for state taxes. Should he itemize his deductions or claim the standard deduction?

**Compute the gross income, adjusted gross income, and taxable income in the following situations. Use the exemptions and deductions allowed in 2012. You will need to determine if the person should itemize deductions or use the standard deduction.**

3. Suzanne is single and earned wages of \$33,200. She received \$350 in interest from a savings account. She contributed \$500 to a tax-deferred retirement plan. She had \$450 in itemized deductions from charitable contributions.

4. Wanda is married, but she and her husband filed separately. Her salary was \$35,400, and she earned \$500 in interest. She had \$1500 in itemized deductions and claimed three exemptions for herself and two children.

5. Jose is head of the household with one child and he can claim an exemption for himself and his child. His salary was \$49,072, and he earned \$13,002 from his side business. He contributed \$10,000 to his 401K. He had the following deductible expenditures: For his business, \$360 in advertising expenses, \$1272 in supplies, and \$800 in trucking expenses. He also contributed \$2600 to a local charity.

6. Laura is a single teacher and is going to school for her master's degree while working full time. Her salary was \$39,500 and she earned \$475 in interest on her savings account. She contributed \$1,500 to her IRA. Her itemized deductions include \$622 in student loan interest, \$2880 in tuition and fees, \$900 in education expenses, and \$1600 for contributions to her church.

7. Madison is head of the household with two kids and she can claim an exemption for herself and each child. She earned \$46,616 in wages and \$12,000 in rental property income. She had to relocate for work, and accumulated \$1925 in moving expenses, and she contributed \$9075 to her IRA. Madison's itemized deductions included \$4,020 for interest on her home mortgage and she donated \$8000 to Susan G. Komen for the Cure.

8. Cruz is married, but he and his wife filed separately. His salary was \$74,200, received \$702 in interest from a savings account, and contributed \$22,000 to a tax-deferred retirement plan. He was entitled to a personal exemption and his itemized deductions totaled \$5800.