Fundamentals of Taxation 2023 16th edition Cruz Test Bank

SKU: 9781264217946-TEST-BANK

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) The simple tax formula only applies to a few taxpayers.

1) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-01 Describe the expanded tax formula and the components of the major sections
Topic : The Income Tax Formula and Form 1040
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-01 The simple tax formula only...

2) The tax code defines adjusted gross income (AGI) as gross income minus a list of permitted deductions.

2) _____

◎ true
◎ false

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-01 Describe the expanded tax formula and the components of the major sections
Topic : The Income Tax Formula and Form 1040
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-02 The tax code defines adjusted gross...

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3) The amount of tax liability for a taxpayer depends on many factors, including the filing status of the taxpayer.

3) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-03 The amount of tax liability for a...

4) A married couple can file a joint return only if both have earned income.

4) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
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Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-04 A married couple can file a joint return...

5) A married couple in the process of obtaining a divorce cannot file a joint tax return.

5) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-05 A married couple in the process of...

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6) A married taxpayer filing separately must show the name, address, and social security number of the spouse on the tax return.

6) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-06 A married taxpayer filing separately must show the...

7) To qualify for head of household status, a taxpayer must maintain a household that is the principal place of abode of a qualifying person for more than half the year.

7) _____

◎ true
◎ false

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-07 To qualify for head of household status, a...

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8) A taxpayer can qualify for head of household even though his or her parents are living in a separate household from that of the taxpayer (assume all other requirements are met).

8) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-08 A taxpayer can qualify for head of...

9) If a taxpayer's spouse dies during the tax year, the taxpayer must file as a qualifying widow(er).

9) _____

◎ true
◎ false

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-09 If a taxpayer's spouse dies during the tax year, the...

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10) To be claimed as a dependent, a person must be a qualifying child or a qualifying relative.

10) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-10 To be claimed as a dependent, a person...

11) A qualifying child does not have to meet the support test in order to be claimed as a dependent.

11) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
TBEXAM.COM
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-11 A qualifying child does not have to meet...

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12) A qualifying relative must be related to the taxpayer (as listed by the IRS), or be a member of the taxpayer's household for the entire year.

12) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-12 A qualifying relative must be related to...

13) A taxpayer who either is 65 or older or blind can claim an additional standard deduction.

13) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
TBEXAM.COM
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-13 A taxpayer who either is 65 or older or...

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14) The standard deduction in 2022 for a married couple filing jointly, under 65 and not blind, is $25,900.

14) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-14 The standard deduction in 2022 for a...

15) In 2022, the additional standard deduction for a single taxpayer, who is 65 or older and not blind, is $1,400.

15) _____

◎ true
◎ false

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-15 In 2022, the additional standard deduction...

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16) Even if the total of the itemized deductions is lower than the standard deduction, a taxpayer should choose to itemize on his or her tax return.

16) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-16 Even if the total of the itemized...

17) The tax tables stop at taxable income of $115,000.

17) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
TBEXAM.COM
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-17 The tax tables stop at taxable income of...

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18) Most taxpayers make payments to the IRS through income tax withholdings and quarterly estimated tax payments.

18) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-18 Most taxpayers make payments to the IRS...

19) A taxpayer may request an automatic seven-month extension of time to file his or her tax return.

19) _____

◎ true
◎ false

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-19 A taxpayer may request an automatic seven-month...

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20) An extension to file a tax return is an extension of time to file and an extension of time to pay.

20) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Tax Due to IRS
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-20 An extension to file a tax return is an...

21) The maximum penalty for failure to file a tax return that is not due to fraud is 25%.

21) _____

◎ true
◎ false

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-21 The maximum penalty for failure to file a...

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22) The IRS can impose a 75% penalty on any portion of understatement of tax that is attributable to negligence.

22) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-22 The IRS can impose a 75% penalty on any...

23) Taxable income (TI) is computed after subtracting from adjusted gross income (AGI) the standard deduction or itemized deductions.

23) _____

◎ true
◎ false

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-01 Describe the expanded tax formula and the components of the major sections
Topic : The Income Tax Formula and Form 1040
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-23 Taxable income (TI) is computed after...

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24) When a taxpayer's AGI exceeds certain levels, certain tax benefits are reduced or eliminated.

24) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-01 Describe the expanded tax formula and the components of the major sections
Topic : The Income Tax Formula and Form 1040
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-24 When a taxpayer's AGI exceeds certain levels, certain...

25) Marital status of a taxpayer is determined on the last day of the tax year.

25) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
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Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-25 Marital status of a taxpayer is determined...

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26) A couple who is legally married on the last day of the tax year cannot file married filing separately.

26) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-26 A couple who is legally married on the...

27) Even though the taxpayer is claimed as a dependent on another tax return, he or she can still file an income tax return to report earned income of $550 and claim $55 of tax withholding.

27) _____

◎ true
◎ false

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-27 Even though the taxpayer is claimed as a...

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28) In a multiple support agreement, the taxpayer who will claim the dependent must file all the Forms 2120 with his or her tax return.

28) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-28 In a multiple support agreement, the...

29) The taxpayer's brother must live with the taxpayer for the entire year to meet the relationship or member of household test under qualifying relatives.

29) _____

◎ true
◎ false

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-29 The taxpayer's brother must live with the taxpayer for the...

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30) If a married couple files separate returns and one of them itemizes, the other spouse must also itemize.

30) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-30 If a married couple files separate returns...

31) A taxpayer who has income that is not subject to withholding is never required to make estimated payments during the year.

31) _____

◎ true
◎ false

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-31 A taxpayer who has income that is not...

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32) If the taxpayer still owes tax after April 15, the IRS assesses interest based on the remaining amount owed.

32) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-32 If the taxpayer still owes tax after April...

33) Many deductions and credits are determined with reference to adjusted gross income (AGI).

33) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
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Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-01 Describe the expanded tax formula and the components of the major sections
Topic : The Income Tax Formula and Form 1040
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-33 Many deductions and credits are determined...

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34) A taxpayer must be married to claim Head of Household status.

34) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-34 A taxpayer must be married to claim Head...

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35) The amount of the standard deduction increases for people who are age 62 and have retired.

35) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-35 The amount of the standard deduction...

36) The accuracy-related penalty applies when negligence or any substantial understatement occurs.

36) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
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Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB TF Qu. 02-36 The accuracy-related penalty applies when...

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MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

37) A single taxpayer is 43 years old and has only wages of $16,000. Which Schedule is he required to file?

37) _____

A) Schedule 1.
B) Schedule 2.
C) Schedule 3.
D) The taxpayer is not required to file a Schedule.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-01 Describe the expanded tax formula and the components of the major sections
Topic : The Income Tax Formula and Form 1040
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-37 A single taxpayer is 43 years old and has...

38) A 36-year-old taxpayer with a dependent child and claiming head of household status has received $29,000 in alimony payments and earned wages of $44,565. The taxpayer's divorce became final in 2017. Which Schedule is this person required to file?

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38) _____

A) Schedule 1.
B) Schedule 2.
C) Schedule 3.
D) The taxpayer is not required to file a schedule.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-01 Describe the expanded tax formula and the components of the major sections
Topic : The Income Tax Formula and Form 1040
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-38 A 36-year-old taxpayer with a dependent...

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39) A taxpayer is married with a qualifying child (dependent), but she has been living separate from her spouse for the last five months of the year. However, she paid for more than half of the cost of keeping up the household. Her spouse does not want to file jointly. What filing status must she use when filing her tax return? She wants to obtain the maximum legal benefit.

39) _____

A) Single.
B) Head of Household.
C) Qualifying Widow(er).
D) Married Filing Separately.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-39 A taxpayer is married with a qualifying...

40) The taxpayer's spouse died at the beginning of 2021. He has no qualifying child. Which status should the taxpayer select when filing his tax return for 2022?

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40) _____

A) Married Filing Separately.
B) Single.
C) Married Filing Jointly.
D) Qualifying Widow(er).

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-40 The taxpayer's spouse died at the beginning of 2020. He...

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41) A legally divorced taxpayer maintains a household for himself and maintains a separate household that is the principal place of abode of his dependent widowed mother. What filing status should he use when filing his tax return?

41) _____

A) Married Filing Separately.
B) Single.
C) Qualifying widow(er).
D) Head of Household.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-41 A legally divorced taxpayer maintains a...

42) For tax purposes, marital status is determined as of the _____ day of the year.

42) _____

A) last
B) third
C) first
D) None of these

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-42 For tax purposes, marital status is...

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43) Flor is 21 years of age and a full-time student living with her parents. She had wages of $685 ($75 of income tax withholding) for 2022. Can Flor file a tax return even though her parents will claim her as a dependent on their tax return?

43) _____

A) Flor's parent can report the income on their tax return.
B) No, Flor is a dependent of her parents.
C) Yes, Flor can file a tax return.
D) No, Flor cannot file a tax return.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-43 Flor is 21 years of age and a full-time...

44) Mirtha is 21 years of age and a full-time student living by herself. She had wages of $25,000 for 2022 and provided more than half of her own support. Can Mirtha be claimed as a dependent on her parent's tax return?

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44) _____

A) Yes, Mirtha's parents can claim her as a dependent.
B) No, Mirtha cannot be claimed on her parents' tax return because she does not meet the age test.
C) Yes, Mirtha can be claimed on her parents' tax return because she meets the support test.
D) No, Mirtha cannot be claimed on her parents' tax return.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-44 Mirtha is 21 years of age and a full-time...

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45) To be a qualifying child, the taxpayer must meet three general tests and five specific tests. Which one is *not* part of the five specific tests?

45) _____

A) Gross income test.
B) Relationship test.
C) Residency test.
D) Special test for qualifying child of more than one taxpayer.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-45 To be a qualifying child, the taxpayer...

46) To be a qualifying child, the taxpayer must meet three general tests and five specific tests. What are the three general tests?

46) _____

A) Relationship test, residency test and gross income test.
B) Support test, age test and relationship test.
C) Dependent taxpayer test, relationship test and citizen or resident test.
D) Dependent taxpayer test, joint return test and citizen or resident test.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-46 To be a qualifying child, the taxpayer...

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47) To be a qualifying relative, the taxpayer must meet three general tests and four specific tests. Which one is *not* part of the four specific tests?

47) _____

A) Relationship test or member of household test.
B) Age test.
C) Support test.
D) Gross income test.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-47 To be a qualifying relative, the taxpayer...

48) For a qualifying relative to be claimed as a dependent, a person must either be related to the taxpayer, or be a member of the taxpayer's household for the entire year. Select the relative who must be part of the taxpayer's household for the entire year.

48) _____

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A) Mother.
B) Sister.
C) Cousin.
D) Son-in-law.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-48 For a qualifying relative to be claimed as...

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49) The taxpayer must provide over _____ of the qualifying relative's support to be able to claim a dependency exemption.

49) _____

A) 49%
B) 50%
C) 51%
D) 75%

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-49 The taxpayer must provide over _____...

50) Which of the following items would not be considered as *support* for a dependency exemption?

50) _____

A) medical insurance premiums.
B) food.
C) clothing.
D) life insurance premiums.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-50 Which of the following items would not be...

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51) Robert, Fred and Lucas are supporting their mother who lives in a separate apartment. Their contributions towards her support are 10%, 40% and 50%, respectively. In a multiple support agreement, who would be entitled to claim the mother as a dependent?

51) _____

A) Robert.
B) Fred or Lucas.
C) Robert, Fred or Lucas.
D) None of these.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-51 Robert, Fred and Lucas are supporting...

52) The basic standard deduction in 2022 for a *single* taxpayer, under 65 and not blind, is:

52) _____

A) $14,700.
B) $25,900.
C) $19,400.
D) $12,950.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-52 The basic standard deduction in 2022...

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53) The basic standard deduction in 2022 for a taxpayer, under 65 and not blind, filing *married filing jointly* is:

53) _____

A) $25,900.
B) $19,400.
C) $25,100.
D) $27,300.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-53 The basic standard deduction in 2022 for a...

54) The standard deduction in 2022 for a taxpayer, 67 and not blind, filing *head of household* is:

54) _____

A) $25,900.
B) $21,150.
C) $12,950.
D) $19,400.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-54 The standard deduction in 2022 for a...

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55) When a taxpayer can be claimed as a dependent on the tax return of another individual, the basic standard deduction for the taxpayer is limited to the greater of
a. _____,or
b. the taxpayer's earned income plus $400,
but not more than the amount of the basic standard deduction.

55) _____

A) $1,000
B) $1,100
C) $1,150
D) $400

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-55 When a taxpayer can be claimed as a...

56) Luisa's parents can claim her as a dependent on their tax return. In 2022, her only source of income was a part-time job as a medical clerk where she earned $2,435 during the year. What is Luisa's standard deduction?

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56) _____

A) $2,435.
B) $2,835.
C) $1,150.
D) $4,400.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-56 Luisa's parents can claim her as a dependent on their...

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57) Ed's parents can claim him as a dependent on their tax return. In 2022, his only source of income was $1,150 of interest income received from Global Bank. What is Ed's standard deduction?

57) _____

A) $1,150.
B) $1,400.
C) $4,400.
D) $400.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-57 Ed's parents can claim him as a dependent on...

58) What is the amount of the social security wage limitation for 2022?

58) _____

A) $142,800.
B) $137,700.
C) $147,000.
D) $132,900.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-58 What is the amount of the social security...

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59) What is the amount of the tax liability for a married couple filing jointly, having taxable income of $153,500? Use the appropriate Tax Tables and Tax Rate Schedules.
Note: All answers should be rounded to the nearest dollar.

59) _____

A) $30,676.
B) $29,176.
C) $26,890.
D) $25,004.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-59 What is the amount of the tax liability...

60) What is the amount of the tax liability for a single person having taxable income of $59,200? Use the appropriate Tax Tables and Tax Rate Schedules.
Note: All answers should be rounded to the nearest dollar.

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60) _____

A) $7,147.
B) $6,696.
C) $8,647.
D) $7,326.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-60 What is the amount of the tax liability...

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61) What is the amount of the tax liability for a head of household person having taxable income of $87,573? Use the appropriate Tax Tables and Tax Rate Schedules.
Note: All answers should be rounded to the nearest dollar.

61) _____

A) $13,587.
B) $13,384.
C) $14,884.
D) $10,501.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-61 What is the amount of the tax liability...

62) What is the amount of the tax liability for a qualifying widow(er) with a dependent child and having taxable income of $18,355? Use the appropriate Tax Tables and Tax Rate Schedules.
Note: All answers should be rounded to the nearest dollar.

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62) _____

A) $2,006.
B) $2,203.
C) $1,838.
D) $1,921.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-62 What is the amount of the tax liability...

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63) What is the amount of the tax liability for a qualifying widow(er) with a dependent child and having taxable income of $121,600? Use the appropriate Tax Tables and Tax Rate Schedules.
Note: All answers should be rounded to the nearest dollar.

63) _____

A) $17,986.
B) $21,520.
C) $14,592.
D) $23,020.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-63 What is the amount of the tax liability...

64) Failure to make required estimated payments will subject the taxpayer to a potential underpayment penalty plus interest. However, if the difference between the tax shown on the return and the amount of tax withheld for wages is less than _____, the taxpayer will not be assessed a penalty.

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64) _____

A) $1,250
B) $500
C) $850
D) $1,000

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-64 Failure to make required estimated...

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65) The interest charged by the IRS for the first three months of 2022 was:

65) _____

A) 4%.
B) 5%.
C) 3%.
D) 6%.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-65 The interest charged by the IRS for the...

66) John forgot to file his tax return by April 15. He did not file an extension. John finally filed his tax return on June 30 and had a remaining tax liability of $1,500. What is John's failure to file penalty? Assume he made all his payments on time.

66) _____

A) $375.
B) $450.
C) $225.
D) $300.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-66 John forgot to file his tax return by...

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67) The failure to file penalty is _____ of the tax shown on the return for each month (or fraction of a month) the tax return is not filed, up to a maximum of 25%.

67) _____

A) 0.25%
B) 0.5%
C) 5.0%
D) 5.5%

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-67 The failure to file penalty is _____...

68) The IRS can impose a _____ penalty on any portion of understatement of tax that is attributable to fraud.

68) _____

A) 25%
B) 75%
C) 50%
D) 5%

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-68 The IRS can impose a _____ penalty on...

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69) Criminal penalties only apply to:

69) _____

A) Careless disregard for tax authority.
B) Willful failure to file a return.
C) Tax evasion.
D) Willful failure to collect or pay tax, willful failure to file a return and tax evasion.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-69 Criminal penalties only apply to:

70) The early withdrawal penalty is a *for AGI deduction.* Which form can the taxpayer use to claim this benefit?

70) _____

A) 1040ES.
B) Schedule 3.
C) Schedule 1.
D) Schedule 2.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-01 Describe the expanded tax formula and the components of the major sections
Topic : The Income Tax Formula and Form 1040
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-70 The early withdrawal penalty is a for AGI...

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71) The taxpayer's spouse died at the beginning of 2022. He has no qualifying child. Which status should the taxpayer select when filing his tax return?

71) _____

A) Married Filing Jointly.
B) Qualifying Widow(er).
C) Married Filing Separately.
D) Single.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-71 The taxpayer's spouse died at the beginning of 2022. He...

72) Which condition listed below is not required for a taxpayer to qualify as a qualifying widow(er) with dependent child?

72) _____

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A) The household was the principal place of abode for the entire year of both the taxpayer and his or her child.
B) Taxpayer must remarry before the end of the tax year in question.
C) Taxpayer paid more than half the cost of keeping up a household.
D) Taxpayer was eligible to file a joint return in the year the spouse died.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-72 Which condition listed below is not...

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73) George is 21 years of age and a full-time student living with his parents who are paying more than 50% of his support. He had wages of $1,375 ($140 of income tax withholding) for 2022. Can George's parents claim him on their tax return even though he will file a tax return to claim his refund of $140?

73) _____

A) No, George's parents cannot claim him as a dependent.
B) George cannot file a tax return and be claimed as a dependent by his parents.
C) George is not a dependent of his parents.
D) Yes, George's parents can claim him as a dependent.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-73 George is 21 years of age and a full-time...

74) To be a qualifying relative, the taxpayer must meet three general tests and four specific tests. Which one is *not* part of the three general tests?

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74) _____

A) Citizen or resident test.
B) Dependent taxpayer test.
C) Support test.
D) Joint return test.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-74 To be a qualifying relative, the taxpayer...

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75) Jane, Joseph and John are supporting their father who lives in a separate apartment. Their contribution towards his support is 10%, 42% and 48%, respectively. In a multiple support agreement, who would be entitled to claim the father as a dependent?

75) _____

A) Jane.
B) Joseph or John.
C) Jane, Joseph or John.
D) None of these.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-75 Jane, Joseph and John are supporting...

76) Which of the following items would not be considered as *support* for a dependency exemption?

76) _____

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A) shelter.
B) life insurance premiums.
C) medical and dental care.
D) food.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-76 Which of the following items would not be...

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77) Which amount represents the standard deduction for a taxpayer who is single and 68 years of age?

77) _____

A) $12,950.
B) $19,400.
C) $14,350.
D) $14,700.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-77 Which amount represents the standard...

78) The additional standard deduction amount for a taxpayer who is 65, single and blind is:

78) _____

A) $2,800.
B) $1,400.
C) $3,500.
D) $1,750.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-78 The additional standard deduction amount...

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79) Robin's parents can claim him as a dependent on their tax return. In 2022, his only source of income was a part-time job as a supermarket clerk where he earned $3,450 during the year. What is Robin's standard deduction?

79) _____

A) $3,850.
B) $3,450.
C) $1,150.
D) $400.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-79 Robin's parents can claim him as a dependent on their...

80) The basic standard deduction in 2022 for a taxpayer, 69 and not blind, filing *head of household* is:

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80) _____

A) $12,950.
B) $20,800.
C) $19,400.
D) $21,150.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-80 The basic standard deduction in 2022 for a...

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81) What is the amount of the tax liability for a head of household person having taxable income of $122,500? Use the appropriate Tax Tables and Tax Rate Schedules.
Note: All answers should be rounded to the nearest dollar.

81) _____

A) $19,400.
B) $18,184.
C) $23,236.
D) $21,736.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-81 What is the amount of the tax liability...

82) What is the amount of the tax liability for a single person having taxable income of $55,300? Use the appropriate Tax Tables and Tax Rate Schedules.
Note: All answers should be rounded to the nearest dollar.

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82) _____

A) $5,530.
B) $7,789.
C) $6,346.
D) $6,228.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-82 What is the amount of the tax liability...

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83) What is the amount of the tax liability for a married couple filing jointly having taxable income of $96,843? Use the appropriate Tax Tables and Tax Rate Schedules.
Note: All answers should be rounded to the nearest dollar.

83) _____

A) $15,574.
B) $17,074.
C) $12,536.
D) $11,621.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-83 What is the amount of the tax liability...

84) What is the amount of the tax liability for a married person filing a separate return and having taxable income of $115,715? Use the appropriate Tax Tables and Tax Rate Schedules.
Note: All answers should be rounded to the nearest dollar.

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84) _____

A) $21,607.
B) $16,691.
C) $20,108.
D) $27,772.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-84 What is the amount of the tax liability...

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85) Peter forgot to file his tax return by April 15. He did not file an extension. Peter finally filed his tax return on July 31 and had a remaining tax liability of $3,500. What is Peter's failure to file penalty? Assume he made all his payments on time.

85) _____

A) $875.
B) $525.
C) $350.
D) $700.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-85 Peter forgot to file his tax return by...

86) The taxpayer's spouse died at the beginning of 2022. She has a qualifying child. Which status should the taxpayer select when filing her tax return for 2022?

86) _____

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A) Single.
B) Married Filing Jointly.
C) Head of Household.
D) Qualifying Widow(er).

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-86 The taxpayer's spouse died at the beginning of...

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87) On December 31, 2022, a taxpayer received the notification that he was legally divorced. However, he lived with his spouse for 8 months during 2022. He has no dependent children. What status should he select when filing his tax return for 2022?

87) _____

A) Married Filing Separately.
B) Head of Household.
C) Married Filing Jointly.
D) Single.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-87 On December 31, 2022, a taxpayer received...

88) Severin, who is 20 years old and a full- time student, is claimed by his parent as a dependent. However, in 2022, he earned $3,350. What is his standard deduction?

88) _____

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A) $3,750.
B) $1,150.
C) $3,700.
D) $0.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-88 Severin, who is 20 years old and a full- time...

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89) To be a qualifying child, the taxpayer must meet three general tests and five specific tests. Which one is *not* part of the three general tests?

89) _____

A) Joint return test.
B) Citizen or resident test.
C) Dependent taxpayer test.
D) Support test.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-89 To be a qualifying child, the taxpayer...

90) To be a qualifying relative, the taxpayer must meet three general tests and four specific tests. Which one is part of the four specific tests?

90) _____

A) Gross income test.
B) Age test.
C) Citizen or resident test.
D) Residency test.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-90 To be a qualifying relative, the taxpayer...

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91) A qualifying relative must earn less than _____ for the year 2022.

91) _____

A) $1,150
B) $12,950
C) $14,250
D) $4,400

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-91 A qualifying relative must earn less than...

92) The basic standard deduction in 2022 for a *single* taxpayer who is 67 years old and not blind is:

92) _____

A) $19,400.
B) $14,700.
C) $14,350.
D) $12,950.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-92 The basic standard deduction in 2022 for a...

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93) The basic standard deduction in 2022 for a *Head of Household* taxpayer who is 41 years old and not blind is:

93) _____

A) $12,950.
B) $14,700.
C) $21,150.
D) $19,400.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-93 The basic standard deduction in 2022 for a...

94) What is the limit on the social security amount for 2022?

94) _____

A) $147,000.
B) $142,800.
C) $137,700.
D) $132,900.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-94 What is the limit on the social security...

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95) The tax liability for a married couple with taxable income of $141,325 is:
Use the appropriate Tax Tables and Tax Rate Schedules.
Note: All answers should be rounded to the nearest dollar.

95) _____

A) $27,754.
B) $31,092.
C) $22,326.
D) $26,254.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-95 The tax liability for a married couple...

96) The tax liability for a single taxpayer with taxable income of $67,350 is:
Use the appropriate Tax Tables and Tax Rate Schedules.
Note: All answers should be rounded to the nearest dollar.

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96) _____

A) $10,429.
B) $8,940.
C) $8,082.
D) $10,440.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-96 The tax liability for a single taxpayer...

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97) The tax liability for a head of household taxpayer with taxable income of $124,225 is:
Use the appropriate Tax Tables and Tax Rate Schedules.
Note: All answers should be rounded to the nearest dollar.

97) _____

A) $22,150.
B) $23,835.
C) $23,650.
D) $18,564.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Gradable : automatic
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-97 The tax liability for a head of household...

98) The IRS can impose a _____ penalty on the tax due on a return where there is negligence.

98) _____

A) 5%
B) 75%
C) 20%
D) 25%

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB MC Qu. 02-98 The IRS can impose a _____ penalty on...

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SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

99) Why is the concept of "Adjusted Gross Income (AGI)" important?

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : manual
Learning Objective : 02-01 Describe the expanded tax formula and the components of the major sections
Topic : The Income Tax Formula and Form 1040
EA: Exam
Source : Chapter 02 Test Bank - Static > TB SA Qu. 02-99 Why is the concept of "Adjusted Gross...

100) Jaime and Olga were divorced on December 31, 2022. Can they file their 2022 income tax return using married filing jointly? Why or Why not? What other filing status choices do they have, if any?

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB SA Qu. 02-100 Jaime and Olga were divorced on December...

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101) What qualifications are necessary to file as *qualifying widow(er)*?

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : manual
Learning Objective : 02-02 Determine the proper filing status.
Topic : Filing Status
EA: Exam
Source : Chapter 02 Test Bank - Static > TB SA Qu. 02-101 What qualifications are necessary to file...

102) A taxpayer can claim a dependent if the person is a *qualifying child or qualifying relative* and the person meets three tests. List the three tests this person must meet.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : manual
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB SA Qu. 02-102 A taxpayer can claim a dependent...

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103) List and describe the five tests that a person must meet to qualify as a *qualifying child.*

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB SA Qu. 02-103 List and describe the five tests that a...

104) List and describe the four tests that a person must meet to qualify as a *qualifying relative.*

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 02-03 Determine dependents.
Topic : Dependents
EA: Exam
Source : Chapter 02 Test Bank - Static > TB SA Qu. 02-104 List and describe the four tests that a...

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105) Determine the amount of the standard deduction for each of the following taxpayers for tax year 2022.
   a. Leo and Mary who are under age 65 and filing a joint return. They have no dependents.
   b. Sergio who is single under age 65.
   c. Peter who is over age 65 and single.
   d. Anna who is age 38 and filing as head of household with a dependent child.
   e. Frank who is age 45 and blind and is filing as married filing separately.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB SA Qu. 02-105 Determine the amount of the standard...

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106) What is the amount of the standard deduction for Karla who is a full-time student and claimed as a dependent by her parents? She earned $2,875 in wages in 2022.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 02-04 Determine the standard deduction.
Topic : Standard Deduction
EA: Exam
Source : Chapter 02 Test Bank - Static > TB SA Qu. 02-106 What is the amount of the standard...

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107) What does the withholding amount on a taxable payment made to the taxpayer represent?

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : manual
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB SA Qu. 02-107 What does the withholding amount on a...

108) Use the appropriate Tax Tables and Tax Rate Schedules, determine the amount of tax liability in each of the following instances.
Note: All answers should be rounded to the nearest dollar.
a. A single person with taxable income of $103,500.
b. A married couple filing jointly with taxable income of $37,700.
c. A head of household with taxable income of $87,925.
d. A person filing married filing separately with taxable income of $64,000.
e. A married couple filing jointly with taxable income of $144,600.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 3 Hard
Gradable : manual
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Topic : Tax Due to IRS
EA: Exam
Source : Chapter 02 Test Bank - Static > TB SA Qu. 02-108 Using the appropriate tax tables or tax...

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109) Can the taxpayer avoid the failure to pay on time penalty by filing an automatic extension to file his or her tax return?

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 02-05 Compute the amount of tax due to the Internal Revenue Service (IRS).
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Tax Due to IRS
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB SA Qu. 02-109 Can the taxpayer avoid the failure to pay...

110) The IRS can assess criminal penalties if fraud is found on a tax return. Name and describe at least two of those criminal penalties.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 02-06 Determine what interest and penalties the IRS can assess and in what insta
Topic : Interest and Tax Penalties
EA: Exam
Source : Chapter 02 Test Bank - Static > TB SA Qu. 02-110 The IRS can assess criminal penalties if...

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Answer Key

Test name: Ch02

1) FALSE
The formula applies to most taxpayers. A return might be very complicated, but the simple formula will still apply.

2) TRUE
3) TRUE
4) FALSE
5) FALSE
6) FALSE
The address of the spouse is not required.

7) TRUE
8) TRUE
9) FALSE
The year the spouse dies, the surviving taxpayer can file a joint return if the couple was married on the date of death and has not remarried as of December 31 of the tax year.

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10) TRUE
11) FALSE
12) TRUE
13) TRUE
14) TRUE
15) FALSE
The additional standard deduction is $1,750.

16) FALSE
17) FALSE
18) TRUE
19) FALSE
20) FALSE
21) TRUE
22) FALSE
23) TRUE
24) TRUE
25) TRUE
26) FALSE
27) TRUE

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28) TRUE
29) FALSE
30) TRUE
31) FALSE
32) TRUE
33) TRUE
34) FALSE
35) FALSE
36) TRUE
37) D
38) A
Alimony is reported on Schedule 1.

39) D
The taxpayer must have lived apart from her spouse for at least the last six months of the year to qualify for the Head of Household status.

40) B
The surviving spouse usually can file a joint return in the year the spouse dies and qualifying widow(er) for the two years following the death of the spouse but only if there is a qualifying child.

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41) D
The taxpayer's parents can live in a separate household.

42) A
43) C
Flor can file a tax return to claim the withholding of $75 even though she is a dependent of her parents.

44) D
Mirtha cannot be claimed on her parents' tax return because she does not meet the support test under the qualifying child rules.

45) A
46) D
47) B
48) C
Cousins are not listed as relatives for this IRS section.

49) B

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50) D
Life insurance premiums are not considered support under this IRS section.

51) B
Robert is not contributing more than 10% of his mother's support.

52) D
53) A
54) B
Standard deduction of $19,400 plus the additional amount of $1,750.

55) C
56) B
Earned income of $2,435 plus $400.

57) A
Ed has zero earned income.

58) C
59) D
($153,500 – $83,550) × 22% plus $9,615.

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60) C
Look up $59,200 under the tax tables for a single person.

61) B
Look up $87,573 under the tax tables for a head of household person.

62) C
Look up $18,355 under the tax tables for married filing jointly (this column also is used for qualifying widow(er)).

63) A
($121,600 – $83,550) × 22% plus $9,615.

64) D
65) C
66) B
Any income tax return not filed within 60 days of its due date is subject to a minimum penalty of the lesser of $450 or the amount of tax required on the return.

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67) C
68) B
69) D
70) C
71) A
72) B
73) D
74) C
75) B
Jane is not paying more than 10% of her father's support.

76) B
77) D
78) C
79) A
80) D
81) D
($122,500 − $89,050) × 24% plus $13,708.

82) B
Look up $55,300 under the tax tables for a single person.

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83) C
Look up $96,843 under the tax tables for a married couple.

84) A
($115,715 − $89,075) × 24% plus $15,213.50.

85) D
$3,500 × 5% × 4 months

86) B
87) D
88) A
89) D
90) A
91) D
92) B
93) D
94) A

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95) C
($141,325 − $83,550) × 22% plus $9,615.

96) D
Look up $67,350 under the tax tables for a single person.

97) D
($124,225 − $89,050) × 24% plus $13,708.

98) C
99) Short Answer
The concept of "Adjusted Gross Income (AGI)" is important because many deductions and credits reported on the tax return are computed based on the amount shown as AGI. Furthermore, when a taxpayer's AGI exceeds certain levels, certain tax benefits are reduced or eliminated.

100) Short Answer
No, Jaime and Olga must file as single because they were divorced on December 31. According to the IRS, marital status is determined as of the last day of the tax year. They might be able to file as head of household if certain qualifications are met, including maintaining a household that is the principal place of abode of a qualifying person for more than half the year.

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101) Short Answer
The qualifications necessary to file as qualifying widow(er) are:

- Taxpayer was eligible to file a joint return in the year the spouse died.
- Taxpayer did not remarry before the end of the tax year in question.
- Taxpayer paid more than half the cost of keeping up a household.
- The household was the principal place of abode for the entire year (except for temporary absences) of both the taxpayer and a child, stepchild, or adopted child who can be claimed as a dependent by the taxpayer.

102) Short Answer
The three tests that this person must meet to be claimed as a dependent are:

- Dependent taxpayer test.
- Joint return test.
- Citizen or resident test.

103) Short Answer

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To be a *qualifying child*, the person must meet five tests:

- Relationship test.
- Age test.
- Residency test.
- Support test.
- Special test for qualifying child of more than one taxpayer.

The relationship test is met if the dependent is one of the following: child or descendant of child; stepchild; eligible foster child; or brother, sister, half-brother, half-sister, stepbrother, or stepsister, or a descendant of them.

The age test is met if, at the end of the year, the child is under the age of 19, under the age of 24 and a full- time student, or totally and permanently disabled regardless of age. After 2008, the child must be younger than the person claiming the dependency.

The residency test is met if the child lived with the taxpayer for more than half of the year.

The support test is met if the child did not provide more than half of his or her support.

The special test for *qualifying child* of more than one taxpayer applies if the child meets the other four tests and can be the qualifying child for more than one taxpayer. In this case, only one individual can claim the exemption.

104) Short Answer

To be a *qualifying relative,* the person must meet four tests:

1. Not a qualifying child test.
2. Relationship or member of household test.
3. Gross income test.
4. Support test.

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The not a qualifying child test refers to a child who is the taxpayer's *qualifying child or the qualifying child of another person,* who cannot be claimed as a *qualifying relative* by the taxpayer.

The relationship or member of household test is met if the person is related to the taxpayer (child or descendant; stepchild; eligible foster child; brother, sister, half-brother, half-sister, stepbrother, stepsister or descendant; father, mother; brother or sister of parents, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law) or a member of the taxpayer's household for the entire year.

The gross income test is met if this person does not have income equal to or greater than the amount of the exemption ($4,400 for 2022).

The support test is met if the taxpayer provides over 50 percent of this person's support.

105) Short Answer

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b. $25,900.
c. $12,950.
d. $14,700 ($12,950 plus the additional amount of $1,750).
e. $19,400.
f. $14,350 ($12,950 plus the additional amount of $1,400).

106) Short Answer
Karla's standard deduction is $3,275. When a taxpayer can be claimed as a dependent on another return, the basic standard deduction for the taxpayer is limited to the greater of
g. $1,150, or
h. the taxpayer's earned income plus $400.

107) Short Answer
The withheld amount represents an estimate of the amount of income tax that would be due for the year on the taxable payment. The IRS credits withholdings to the account of the appropriate taxpayer. Withholdings serve to reduce the amount otherwise due the IRS on the due date of the return.

108) Short Answer
i. $18,676. ($103,500 − 89,075) × 24% plus $15,213.50.
j. $4,116. Look up $37,700 under the tax tables for married filing jointly.
k. $13,461. Look up $87,925 under the tax tables for head of household.
l. $9,703. Look up $64,000 under the tax tables for married filing separately.
m. $23,046. ($144,600 − $83,550) × 22% plus $9,615.

109) Short Answer
A taxpayer can file an automatic six-month extension of time to file his or her tax return, but this extension will not extend the time to pay the applicable tax. If the taxpayer filing an extension determines that he or she owes additional tax, the payment must accompany the extension request (Form 4868).

110) Short Answer

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- Any person who willfully attempts to evade or defeat any tax. The charge is a felony punishable by fines of not more than $100,000 or imprisonment of not more than five years or both.
- Any person who fails to collect, account for, and pay over any tax. The charge is a felony punishable by fines of not more than $10,000 or imprisonment of not more than five years or both.
- Any person who willfully fails to pay estimated tax or other tax or file a return. The charge is a misdemeanor punishable by fines of not more than $25,000 or imprisonment of not more than one year or both.

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