

QUESTION 1

Mark and Molly met at a New Year's Eve party held December 31, Year 1. They instantly bonded, fell madly in love, and were married at 11:38 p.m. that night. Identify Mark's filing status for Year 1.

- A.** Head of household
- B.** Surviving spouse
- C.** Married filing jointly
- D.** Single

QUESTION 2

Mort and Mindy met at a New Year's Eve party held December 31, Year 1. They instantly bonded, fell madly in love, and were married at 11:38 p.m. that night. Sadly, Mort passed away November 15, Year 2. What filing status should Mindy use for Year 2?

- A.** Single.
- B.** Head of household.
- C.** Married filing jointly.
- D.** Surviving spouse.

QUESTION 3

John earned \$500,000 in his business during the current year, and his wife received investment income of \$15,000. John provides more than half of the support of his 50-year-old widowed sister, who lives with John and earned \$45,000 in salary in the current year. John also provides full support for his two children, an 18-year-old daughter and a 20-year-old son, who is a full-time college student. The family employs a live-in housekeeper and a live-in butler to assist them with their residence. Both the live-in housekeeper and the live-in butler provided all of their own support. How many people qualify as either a qualifying child or qualifying relative for John?

- A.** Five
- B.** Four
- C.** Zero
- D.** Two

QUESTION 4

Jonathan Jones is a 19-year-old full-time college student at the local community college. He lives in an apartment near campus during the school year and returns home for the summer break and holidays. Jonathan earned \$5,000 this year working at the campus bookstore. His parents gave him \$20,000 and his grandparents gave him \$10,000 this year in support. Which of the following statements is true?

- A.** Jonathan's grandparents can claim him as a dependent.
- B.** Jonathan's parents can claim him as a dependent.
- C.** Jonathan does not qualify as a dependent for his parents because his gross income is too high.
- D.** Jonathan does not meet the residency test for qualifying child.

QUESTION 5

Parker, whose spouse died during the preceding year, has not remarried. Parker maintains a home for a dependent child. What is Parker's most advantageous filing status?

- A.** Single
- B.** Married filing separately
- C.** Head of household
- D.** Qualifying widow(er) with dependent child

QUESTION 6

Mort and Mindy met at a New Year's Eve party held December 31, Year 1. They instantly bonded, fell madly in love, and were married at 11:38 p.m. that night. Sadly, Mort passed away November 15, Year 2. In January, Year 3, Mindy gave birth to triplets Mark, Mandy, and Maureen. The triplets live with Mindy and she provides all of their support. Assuming Mindy has not remarried, what filing status should she use for Year 5?

- A.** Single.
- B.** Head of household.
- C.** Surviving spouse.
- D.** Married filing jointly.

QUESTION 7

In which of the following situations may taxpayers file as married filing jointly?

- A.** Taxpayers who were married but lived apart during the year.
- B.** Taxpayers who were married but lived under a legal separation agreement at the end of the year.
- C.** Taxpayers who were divorced during the year.
- D.** Taxpayers who were legally separated but lived together for the entire year.

QUESTION 8

In Year 4, after Mindy's three children have grown and moved out of the house, Mindy (unmarried) moved her mother, Mary, into an assisted living facility for which Mindy pays 75% of the cost. Mindy had not previously lived with Mary, and Mary paid for her own living expenses while she lived in her own home. What filing status should Mindy use for Year 4, assuming Mary moved into the assisted living facility on January 1, Year 4?

- A.** Single.
- B.** Married filing jointly.
- C.** Head of household.
- D.** Surviving spouse.

QUESTION 9

As of December 31, the Mitchells were legally separated and maintained separate households for the entire year. The Mitchells have no children. What filing status should Mr. Mitchell claim for the year?

- A.** Single
- B.** Married filing separately
- C.** Head of household
- D.** Married filing jointly

QUESTION 10

Nicole and Andrew Harris contribute to more than half of the support of their three children, Travis, Luke, and John. Travis, age 20, worked full time at the local deli and earned \$20,000. Luke, 18, is a part-time college student who earned \$5,000 working as a resident assistant in the student dormitory where he lived half of the year. John, age 25, is an aspiring actor who lives at home with Nicole and Andrew. John earned \$2,500 for the three commercials he starred in. Who qualifies as a dependent for Nicole and Andrew under either the rules of qualifying child or qualifying relative?

- A.** Luke and John
- B.** Travis, Luke, and John
- C.** Travis and Luke
- D.** Travis

QUESTION 11

Where is the deduction for qualified business income (QBI) applied in the individual tax formula?

- A.** As an itemized deduction
- B.** As an alternative to the standard deduction
- C.** As an adjustment to arrive at adjusted gross income
- D.** As a deduction from adjusted gross income separate from the standard deduction and itemized deductions

QUESTION 12

The Clarks have a 21-year-old son, Alex, who is a full-time student at the state university. Alex received \$10,000 in scholarships this year for academic achievement. He also works part time at the university bookstore and earned \$5,400 this year. The Clarks paid \$7,000 to support Alex this year. Alex was home for two months in the summer and at school for the rest of the year. Alex used the scholarship, the earnings from the part-time job, and the money from his parents as his only source of support this year. Which of the following definitions does Alex meet for the Clarks?

- A.** Qualifying person
- B.** Exemption
- C.** Qualifying relative
- D.** Qualifying child

QUESTION 13

Four years ago, when Cox's spouse died, Cox filed a joint tax return for that year. Cox did not remarry, but continued to provide full support for a minor child who has been living with Cox. What is Cox's most advantageous filing status for the current year?

- A.** Single.
- B.** Surviving spouse.
- C.** Married filing separately.
- D.** Head of household.

QUESTION 14

John and Theresa are in the process of obtaining a divorce. Although they are not legally separated, John moved out of the family home in October of Year 1 and moved into an apartment nearby. John and Theresa's two children, Jenna and Stella, lived with Theresa in the family home for more than half of the tax year. What filing status can Theresa use to file her Year 1 tax return?

- A.** Head of household.
- B.** Married filing jointly/separately.
- C.** Surviving spouse (qualifying widow).
- D.** Single.

QUESTION 15

A taxpayer's spouse dies in August of the current year. Which of the following is the taxpayer's filing status for the current year?

- A.** Married filing jointly.
- B.** Head of household.
- C.** Qualified widow(er).
- D.** Single.

QUESTION 16

In which of the following scenarios would the head of household filing status be available to the taxpayer?

- A.** A taxpayer with *no* dependents is the surviving spouse of an individual who died in the current year.
- B.** A single taxpayer maintains a separate home for his parent, who qualifies as a dependent.
- C.** A single taxpayer maintains a household that is the principal home for five months of the year for his disabled child.
- D.** An unmarried taxpayer maintains a household with a 28-year-old son, who earned \$10,000 during the tax year.

QUESTION 17

Which of the following is (are) among the requirements to enable a taxpayer to be classified as a "qualifying widow(er)"?

- I. A dependent has lived with the taxpayer for six months.
 - II. The taxpayer has maintained the cost of the principal residence for six months.
- A.** Neither I nor II.
 - B.** Both I and II.
 - C.** II only.
 - D.** I only.

QUESTION 18

Mort and Mindy met at a New Year's Eve party held December 31, Year 1. They instantly bonded, fell madly in love, and were married at 11:38 p.m. that night. Sadly, Mort passed away November 15, Year 2. In January, Year 3, Mindy gave birth to triplets Mark, Mandy, and Maureen. Assuming that Mindy has not remarried, what filing status should she use for Year 4?

- A.** Head of household.
- B.** Single.
- C.** Qualifying widow(er) with dependent child.
- D.** Married filing jointly.

QUESTION 19

In Year 4, after Mindy's three children have grown and moved out of the house, Mindy (unmarried) moved her mother, Mary, into an assisted living facility for which Mindy pays 75% of the cost. Mindy had not previously lived with Mary, and Mary paid for her own living expenses while she lived in her own home. What filing status should Mindy use for Year 4, assuming Mary moved into the assisted living facility on August 1, Year 4?

- A.** Head of household.
- B.** Married filing jointly.
- C.** Single.
- D.** Surviving spouse.

QUESTION 20

Gail and Mark James contributed to the support of their two children, Jack and Jill, as well as Mark's mother, Betty. Jack is a 19-year-old full time student who earned \$5,000 this year working at a coffee shop on campus. Jill is 24 years old and worked full-time as a librarian and earned \$25,000. Jack comes home during the summer and holidays. Jill lives at home year-round. Betty lives in an apartment in town and received \$2,000 in municipal bond interest, \$6,000 in dividend income, and \$4,000 in nontaxable Social Security benefits. Jack, Jill, and Betty are U.S. citizens and unmarried. Gail and Mark provided more than half of the support for Jack, Jill, and Betty. How many people qualify as dependents on Gail and Mark's tax return?

- A.** Zero
- B.** Two
- C.** One
- D.** Three

QUESTION 21

Susie, John, Luke, and Will provide support for their 80-year-old mother, Joyce. Joyce lives by herself in an apartment in Miami, Florida. Joyce earned \$4,000 this year working at her church. Joyce provides 10% of her own support. Susie provides 30% of Joyce's support, John provides 5% of Joyce's support, Luke provides 15% of Joyce's support, and Will provides 40% of Joyce's support. Under a multiple support agreement, who may claim Joyce as a dependent?

- A.** Susie, Luke, and Will
- B.** Susie and Will
- C.** Will
- D.** Susie, Luke, John, and Will

QUESTION 22

Anderson, a computer engineer, and spouse, who is unemployed, provide more than half of the support for their child, age 23, who is a full-time student and who earns \$7,000. They also provide more than half of the support for their older child, age 33, who earns \$2,000 during the year. How many dependents meet qualifying relative or qualifying child rules for the Andersons?

- A.** Two
- B.** One
- C.** Zero
- D.** Three

QUESTION 23

Molly Morris is 15 years old. Molly's parents (James and Beth) divorced in May of the current tax year. Molly lived with both parents until the divorce. Molly does not provide more than half of her own support. After the divorce, Molly's mother has custody of Molly, but Molly lives equal time with both parents. James' AGI is \$40,000 and Beth's AGI is \$35,000. Molly's parents cannot decide who can claim Molly as a dependent for tax purposes. Assuming neither parent waives their right to claim Molly as a dependent, which statement is true?

- A.** Both parents may claim Molly as a dependent because she lives equal time with each parent.
- B.** Beth may claim Molly as a dependent because her AGI is lower.
- C.** James may claim Molly as a dependent because his AGI is higher.
- D.** Beth and James must alternate claiming Molly as a dependent.

QUESTION 24

Thompson's spouse died in Year 1. Thompson did not remarry in Year 2 and lived alone the entire year. What is Thompson's Year 2 filing status?

- A.** Head of household.
- B.** Married filing jointly.
- C.** Single.
- D.** Surviving spouse.

QUESTION 25

The spouse of a married taxpayer died on January 15, Year 1. The taxpayer's qualifying child moved to live with grandparents in their home on August 30, Year 2. If the taxpayer did *not* remarry before the end of Year 2, then which filing status should the taxpayer choose for Year 2?

- A.** Married filing separately
- B.** Head of household
- C.** Surviving spouse
- D.** Married filing jointly

QUESTION 26

Jim and Kay Ross contributed to the support of their two children, Dale and Kim, and Jim's widowed parent, Grant. For Year 27, Dale, a 19-year-old full-time college student, earned \$4,500 as a babysitter. Kim, a 23-year-old bank teller, earned \$12,000. Grant received \$5,000 in dividend income and \$4,000 in nontaxable Social Security benefits. Grant and Kim are U.S. citizens and were over one-half supported by Jim and Kay, but neither of the two currently reside with Jim and Kay. Dale's main place of residence is with Jim and Kay, and he is currently on a temporary absence to attend school. How many people meet the definition of either qualifying child or qualifying relative on the Year 27 joint income tax return for Jim and Kay Ross?

- A.** Three
- B.** Two
- C.** Zero
- D.** One

QUESTION 27

Bill and Anne Chambers are married and file a joint return. They have no children. Their college friend, Ryan, lived with them for the entire current tax year. Ryan is 40 years old and earned \$2,000 at a part-time job and received \$25,000 in municipal bond interest. Ryan is a citizen of the United States and is unmarried. Which of the following statements is true regarding claiming Ryan as a dependent on the Chambers' tax return?

- A.** Ryan qualifies as a dependent for the Chambers under the qualifying child rules.
- B.** If Ryan earns \$15,000 in self-employment income in addition to the part-time job and municipal bond interest, he would qualify as a dependent on the Chambers' tax return.
- C.** Ryan qualifies as a dependent for the Chambers under the qualifying relative rules as long as the Chambers provide more than half of Ryan's support.
- D.** Ryan qualifies as a dependent for the Chambers under the qualifying relative rules because he lived with the Chambers for the entire year, as long as Ryan does not provide more than half of his own support.

QUESTION 28

Dave and Pam Stevens contributed to the support of their three children, Lisa, Tanya, and Hannah, and Pam's divorced mother, Ellen. For the current year, Lisa, a 26-year-old sales clerk, earned \$27,000. Tanya, a 23-year-old, full-time college graduate student in accounting, earned \$35,000 working for a CPA firm. Hannah, a 20-year old artist, earned nothing during the year, but is still aspiring to sell her first piece and has signed on with an art studio. Ellen received \$10,000 in nontaxable social security benefits and \$2,000 in dividend income. All are U.S. citizens and are over half supported by Dave and Pam. How many dependents do Dave and Pam Stevens have under the qualifying child and qualifying relative rules?

- A.** One
- B.** Three
- C.** Two
- D.** Zero

QUESTION 29

In the current tax year, Blake Smith provided more than half of the support for his cousin, niece, and a close family friend. Blake lives alone and sends a monthly support check to each person. None of the individuals whom Blake supports has any income or files a tax return. All three individuals are U.S. citizens. Which of the three people that Blake supports can he claim as a dependent on his tax return?

- A.** Niece
- B.** None
- C.** Family friend
- D.** Cousin

QUESTION 30

Heather is single and has one son, Rhett, who is 19 years old. Rhett lived at home for four months of the current tax year before moving away to take a full-time job in another city. Heather provided more than half of Rhett's support for the taxable year. Rhett earned \$20,000 in gross income and is unmarried. Which of the following statements regarding the dependency rules for Rhett is true?

- A.** Heather may claim Rhett as a dependent because he is a qualifying child.
- B.** Heather may claim Rhett as a dependent because he is a qualifying relative.
- C.** Rhett fails the age limit test for a qualifying child.
- D.** Rhett must live with Heather for the entire year to meet the qualifying relative test.

QUESTION 31

Jackie is 21 years old and is a full-time student at the local community college. She is married to Bill and they have no children. Jackie and Bill live in Jackie's parents' basement while they both finish college. Bill is 25 years old and is also a full-time student. Jackie's parents pay more than half of Jackie and Bill's support. Jackie has no gross income and Bill has \$2,000 from a part-time job. Bill and Jackie file a joint return and received a refund because their tax liability is zero. Can Jackie's parents claim Jackie and Bill as dependents on their tax return?

- A.** Jackie's parents cannot claim Jackie or Bill as dependents.
- B.** Jackie's parents can claim both Jackie and Bill as dependents.
- C.** Jackie's parents can only claim Bill, but not Jackie as a dependent.
- D.** Jackie's parents can only claim Jackie, but not Bill as a dependent.

QUESTION 32

Which of the following taxpayers would *not* qualify for the filing status of head of household?

- A.** A married taxpayer with a dependent child in the household who has lived apart from the taxpayer's spouse for the entire year due to abandonment.
- B.** A single taxpayer whose spouse died in the preceding tax year and who has a dependent child living in the household.
- C.** A single taxpayer who provides over one-half of the support for a dependent parent in a nursing home but does *not* have a qualifying child in the household.
- D.** A single taxpayer who provides one-half of the support for a dependent child who has lived almost the entire year at a U.S. university while pursuing an undergraduate degree.

QUESTION 33

Jane is 20 years old and is a sophomore at Lake University. She is a full-time student and does not have any gross income. Jane spends the holidays and summers at home with her parents. Her total support for the current tax year is \$30,000, including a scholarship for \$5,000 to cover her tuition. Jane used \$12,000 of her savings and her grandparents provided \$13,000. Which of the following statements regarding the dependency rules for Jane is true?

- A.** Jane does not qualify as a dependent for either her parents or grandparents.
- B.** If Jane's parents (rather than her grandparents) provided the \$13,000, then they would not be able to claim Jane as a dependent because Jane provided more than half of her own support.
- C.** Jane's grandparents can claim her as a dependent because Jane did not provide more than half of her own support.
- D.** Jane's grandparents cannot claim her as a dependent because Jane provided more than half of her own support.