



STUDYDADDY

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Chapter Assignments: (10 points – Two **Required** parts – See bottom of page r and separate document) Page

Required: Tax Questions for the IRS (Handout 5 points)

Required: See Chapter 3 Supplemental Form 1040 Tax Assignment (Handout – 5 points)

Due: Mon Mar 6

Chapter Sections:

Taxes in Your Financial Plan
The Basics of Federal Income Tax
Filing Your Federal Income Return
Using Tax Planning Strategies

Chapter Terms:

sales tax, excise tax, property tax, estate tax, inheritance tax, gift tax, **income tax**, Social Security / Medicare
Form 1040
earned income
investment income – interest, dividends, rent, capital gains
passive income *versus* active income
exclusions
tax-exempt income – (example: municipal bonds)
tax-deferred income – (example: retirement accounts)
adjustments to income
Adjusted Gross Income (AGI)
tax shelters
tax deductions
standard deduction *versus* itemized deductions – (You can only take one or the other; you can not take both!)
itemized deductions go on Schedule A (state income tax, real estate tax, mortgage interest, gifts to charities, etc.)
personal exemptions
taxable income
marginal tax rate
average tax rate
AMT – *The Alternative Minimum Tax*
tax credits
withholding and estimated payments
tax strategies – home mortgage interest deduction, starting a business
tax audit – correspondence audit *versus* office audit *versus* field audit
tax avoidance *versus* tax evasion

Required: Tax questions for the IRS (www.irs.gov or 800-829-1040) – *Be careful! Make sure your information is current!*

- 1) What are the maximum amounts that can be contributed to a Traditional IRA, Roth IRA and 401(k) per year?
- 2) What is the maximum amount of capital loss that can be deducted from your income taxes per year?
- 3) How long is the extension of time to file your income taxes that Form 4868 gives a taxpayer?
- 4) What percentage(s) of the *estimated taxes* should an individual taxpayer pay through withholding? *Careful!*
- 5) What are the names of the 2 or 3 types of educational tax credits available to college students & their parents?
(5 points) – *When researching the above questions, make sure you find the data for 2015!*

Required: Supplemental Form 1040 Tax Assignment

Handout: **Supplemental Tax Assignment**. This assignment is very much like the first and second tax exercises.
(5 points)



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