Federal Income Tax

Mid-term Exam – Answer Sheet

NAME: **Jacob Wall**

1. **Yes**

2. John’s filing status: **Single**

John’s # of exemptions: **0**

Jane’s filing status: **Head of Household**

Janes’s # of exemptions: **3**

3. Mary’s filing status: **Single**

Johanne’s filing status: **Single**

4. Who must file? **Claire**

# of exemptions: **3**

5. Mary’s filing status: **Single**

6. AGI: **$44,850**

7. COD Income: **$300,000**

Note: The question does not specify the amount of assets that BD Debtor, Inc. has and the liabilities amount. Assuming, say, it was day 1 the bank forgave the $300,000 it would be $700,00 in liabilities w/ $750,000 in assets so COD income would only be $50,000 in this case.

8. Tax Liability: **$38,159.50**

9. Depreciation Exp: **$6,000**

Note: If qualified under Section 179 it would be $15,000.

10. Depreciation Exp: **$5,375**

11. Gain/Loss: **$2,000 Loss**

12. Allowable Loss: **$3,000**

13. Year 1 OID: **$30**

Gain/Loss: **$20**

14. **$200**

15. Itemized Deductions: **$52,000**

Allowable Net Rental Loss: **$7,000 Loss**

16. Deductible Theft Loss: **$12,800**

17. Income from ABC: **$2,400 Return on Capital + $1,100 Capital Gain**

ABC Stock Basis: **$4,100**

Income from XYZ: **$3,500 Return on Capital**

XYZ Stock Basis: **$5,500**

18. 2013 Income: **$0**

19. Allowable Loss from X: **$1,500**

Allowable Loss from Y: **$0**

20. Allowable Loss from X: **$0**

Allowable Loss from Y: **$0**

21. Allowable Loss from Y: **$0**