

Case Study Analysis Worksheet

Chapter 2.3: Understanding Tax Filing Requirements

Introduction

This worksheet provides case studies of different individuals with various tax situations. Use your tax filing decision tree to analyze each case and determine whether the person needs to file a federal tax return. Document your analysis process and decision path for each scenario.

Important: These case studies are based on general tax filing requirements and should be used for educational purposes only. Tax laws and filing thresholds change annually. Always verify current requirements on the official IRS website at www.irs.gov.

How to Analyze Each Case Study

1. Read the case study carefully, noting key information about filing status, income, age, and special circumstances
2. Use your tax filing decision tree to trace the path for this individual
3. Document the key decision points and path taken through your decision tree
4. Determine if the person is required to file a tax return
5. Consider whether the person should file even if not required (for refunds, credits, etc.)
6. Identify which tax forms would be relevant for this person

Case Study #1: College Student with Part-Time Job

Emma is a 19-year-old full-time college student. During the summer, she worked part-time at a local restaurant and earned \$8,500. Her employer withheld \$425 in federal income tax. Emma's parents provide more than half of her support and claim her as a dependent on their tax return. She has no other income.

Key Information:

- Age: 19
- Dependency Status: Dependent (claimed by parents)
- Income: \$8,500 (all earned income)
- Federal Tax Withheld: \$425
- Filing Status: Single
- Special Circumstances: Full-time student

Decision Tree Path:

Document the path through your decision tree for Emma:

Filing Requirement: ☐ Required to file ☐ Not required to file ☐ Not required, but should file to claim refund/credits

Explanation:

Relevant Tax Forms:

Case Study #2: Self-Employed Freelancer

Marcus is a 26-year-old graphic designer who works as a freelancer. This year, he earned \$18,000 from various clients who sent him 1099-NEC forms. He had no tax withholding from any of his clients. Marcus is single and cannot be claimed as a dependent by anyone. He rents an apartment and has no other sources of income.

Key Information:

- Age: 26
- Dependency Status: Not a dependent
- Income: \$18,000 (all self-employment income)
- Federal Tax Withheld: \$0
- Filing Status: Single
- Special Circumstances: Self-employed

Decision Tree Path:

Document the path through your decision tree for Marcus:

Filing Requirement: ☐ Required to file ☐ Not required to file ☐ Not required, but should file to claim refund/credits

Explanation:

Relevant Tax Forms:

Case Study #3: Married Couple with Children

David and Sarah are married with two children ages 5 and 7. David works full-time and earned \$42,000 this year, with \$4,200 in federal income tax withheld. Sarah works part-time and earned \$15,000, with \$900 in federal income tax withheld. They plan to file jointly. Both are 32 years old. They pay childcare expenses of \$8,000 per year while they work.

Key Information:

- Ages: Both 32
- Dependency Status: Not dependents
- Income: \$57,000 combined (\$42,000 + \$15,000)
- Federal Tax Withheld: \$5,100 (\$4,200 + \$900)
- Filing Status: Married Filing Jointly
- Special Circumstances: Two dependent children, childcare expenses

Decision Tree Path:

Document the path through your decision tree for David and Sarah:

Filing Requirement: ☐ Required to file ☐ Not required to file ☐ Not required, but should file to claim refund/credits

Explanation:

Relevant Tax Forms:

Case Study #4: Retired Senior Citizen

Eleanor is a 68-year-old widow. She receives Social Security benefits of \$18,000 per year and has a pension that provides \$16,000 annually. She also earned \$400 in interest from her savings account. No federal income tax was withheld from her Social Security, but \$1,600 was withheld from her pension. She owns her home and lives alone.

Key Information:

- Age: 68
- Dependency Status: Not a dependent
- Income: \$34,400 (\$18,000 Social Security + \$16,000 pension + \$400 interest)
- Federal Tax Withheld: \$1,600
- Filing Status: Single
- Special Circumstances: Over 65, Social Security income

Decision Tree Path:

Document the path through your decision tree for Eleanor:

Filing Requirement: ☐ Required to file ☐ Not required to file ☐ Not required, but should file to claim refund/credits

Explanation:

Relevant Tax Forms:

Case Study #5: Low-Income Head of Household

Miguel is a 29-year-old single parent with one child who is 4 years old. He works full-time and earned \$24,000 this year with \$1,800 in federal income tax withheld. He provides more than half the cost of keeping up a home for himself and his child, who lived with him all year. His child has no income.

Key Information:

- Age: 29
- Dependency Status: Not a dependent
- Income: \$24,000
- Federal Tax Withheld: \$1,800
- Filing Status: Head of Household
- Special Circumstances: Has qualifying dependent child

Decision Tree Path:

Document the path through your decision tree for Miguel:

Filing Requirement: ☐ Required to file ☐ Not required to file ☐ Not required, but should file to claim refund/credits

Explanation:

Relevant Tax Forms:

Case Study #6: Create Your Own Scenario

Create a personal or hypothetical tax scenario for analysis:

Key Information:

- Age:
- Dependency Status:
- Income:
- Federal Tax Withheld:
- Filing Status:
- Special Circumstances:

Decision Tree Path:

Filing Requirement: ☐ Required to file ☐ Not required to file ☐ Not required, but should file to claim refund/credits

Explanation:

Relevant Tax Forms:

Reflection Questions

1. Which case study was most challenging to analyze, and why?

2. Did you identify any gaps in your decision tree while analyzing these cases? If so, what improvements would you make?

3. What patterns did you notice about when someone is required to file versus when it's optional but beneficial?

4. How does your own tax situation compare to these case studies? Which one is most similar to your current or expected near-future situation?