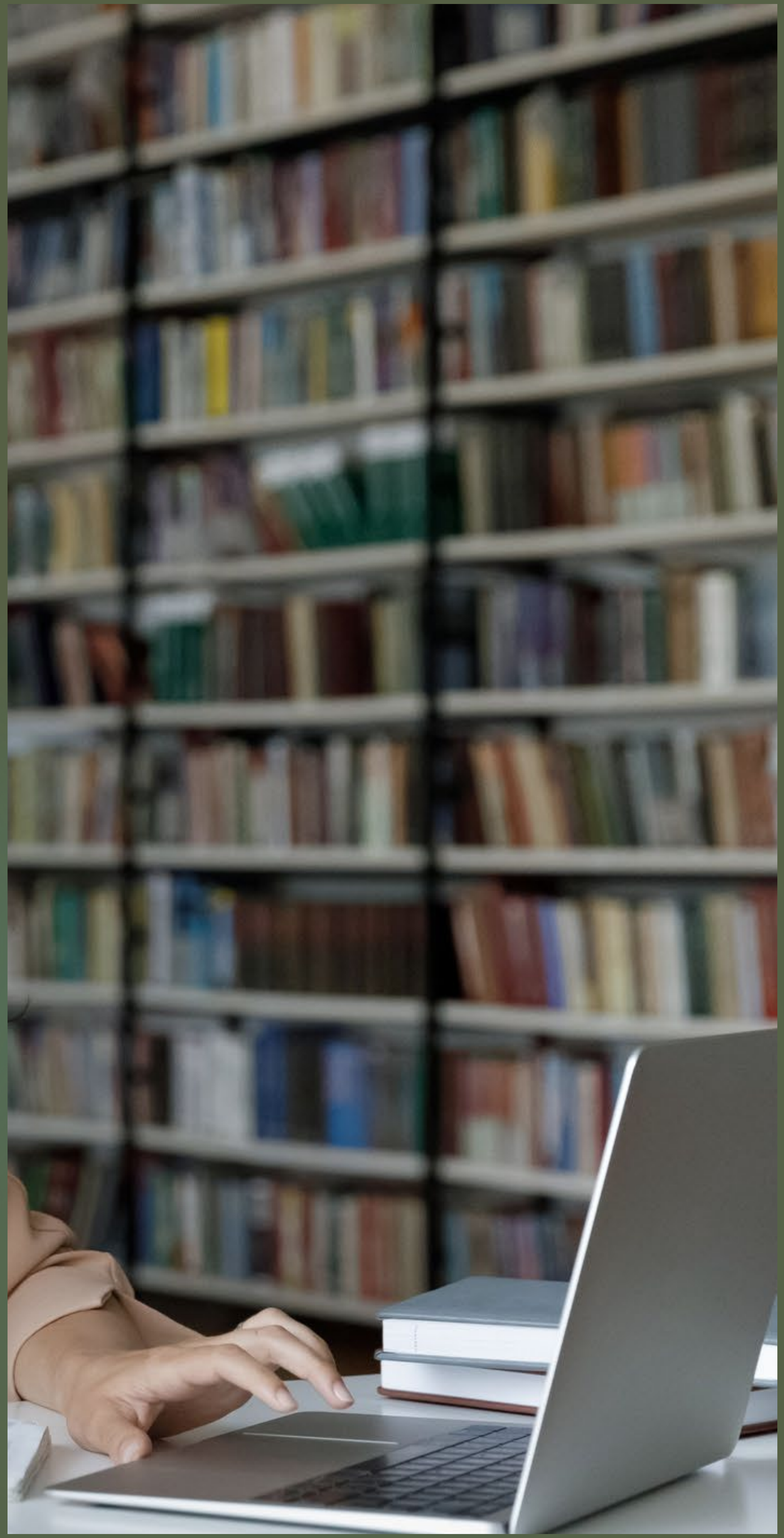
2024

NICOLE RAMOS, EA



LIVE EA STUDY SESSION

Hock international

PassKey Learning Systems

ABOUT NICOLE

Nicole Ramos, EA

Nicole Ramos, an Enrolled Agent based in New York, is a distinguished tax professional and educator. With a bachelor's degree from the University of Maryland at College Park, Nicole utilizes her EA credential to manage collections representation cases. As the Director of Educational Programs at Tax Practice Pro, she has been pivotal in developing and instructing the Annual Federal Tax Refresher (AFSP) course.

Nicole@hockinternational.com

Part 1 Study Questions

Individual Tax Credits

Earned Income Tax Credit (EITC):

A refundable credit for low-to-moderate-income workers.

Eligibility is based on income, filing status, and the number of qualifying children.

Special rules apply for separated spouses and taxpayers without qualifying children.

Child Tax Credit (CTC):

Up to $2,000 per qualifying child, with $1,600 refundable.

Phases out at $200,000 (single filers) and $400,000 (MFJ).

Child and Dependent Care Credit (CDCTC):

Nonrefundable credit for daycare or similar expenses for dependents.

Up to $3,000 of expenses for one dependent or $6,000 for two or more dependents.

Retirement Savings Contributions Credit (Saver's Credit):

Nonrefundable credit for contributions to retirement accounts.

Credit percentage varies (10%-50%) based on income levels.

Individual Tax Credits Continued:

Adoption Credit:

Nonrefundable credit of up to $15,950 per child.

Can be carried forward for five years if unused.

Premium Tax Credit (PTC):

Available to individuals and families purchasing insurance through the ACA Marketplace.

Amount depends on household income relative to the federal poverty line.

Education Credits:

American Opportunity Credit: Up to $2,500 per student for the first four years of higher education.

Lifetime Learning Credit: Up to $2,000 per return, not limited to the first four years.

Energy Credits:

Credits for energy-efficient home improvements (e.g., heat pumps, biomass stoves).

Annual limits apply, replacing previous lifetime caps.

Clean Vehicle Credit:

Up to $7,500 for qualifying electric or plug-in vehicles.

Specific eligibility criteria for vehicles and taxpayers.

Forum Question

Can a taxpayer qualify for EITC on an MFS return. However, IRS guidance states the following:

Filing status

In 2023, to qualify for the EITC, you can use one of the following statuses:
•Married filing jointly

•Head of household

•Qualifying surviving spouse

•Single

•Married filing separate

Answer: You can claim the EIC if you are married, not filing a joint return, had a qualifying child who lived with you for more than half of 2023, and either of the following apply.

•You lived apart from your spouse for the last 6 months of 2023, or

•You are legally separated according to your state law under a written separation agreement or a decree of separate maintenance and you didn't live in the same household as your spouse at the end of 2023.

Answer: Some taxpayers can qualify for EITC on an MFS return.

Passkey Question

Monty and Belinda are married and lived together all year. Monty earned $23,000 and Belinda earned $27,500 in the current year. They have two minor children and have decided to file separate tax returns, with each claiming one child as a dependent. Based on this information, which of the following statements is correct?

A. They are likely to qualify for the Earned Income Tax Credit on their MFS tax returns.
B. They do not qualify for the Earned Income Tax Credit on their MFS tax returns.
C. Monty can file as single and qualify for the Earned Income Tax Credit.
D. Belinda can file as head of household and qualify for the Earned Income Tax Credit.

Passkey Answer

Monty and Belinda are married and lived together all year. Monty earned $23,000 and Belinda earned $27,500 in the current year. They have two minor children and have decided to file separate tax returns, with each claiming one child as a dependent. Based on this information, which of the following statements is correct?

A. They are likely to qualify for the Earned Income Tax Credit on their MFS tax returns.
B. They do not qualify for the Earned Income Tax Credit on their MFS tax returns.
C. Monty can file as single and qualify for the Earned Income Tax Credit.
D. Belinda can file as head of household and qualify for the Earned Income Tax Credit.

Forum Question

Hi,
Can you please explain this answer

Henrietta adopted a child this year through a private adoption agency. The child was born in the U.S. and is a U.S. citizen. The child is determined by the state to have special needs. Once the adoption is complete, she determines that she has $4,000 in qualifying adoption expenses. Her income tax liability is $5,000 for the year *before* the application of the adoption credit. How should she apply for the adoption credit?

A. Henrietta is allowed to take an adoption credit of $5,000 in 2023, and she may carryover her unused adoption credit to future tax years.

B. Henrietta is not allowed to take the adoption credit because children adopted from private adoption agencies are not eligible for the credit.

C. Henrietta is allowed to deduct $4,000 in adoption expenses on her tax return.

D. Henrietta is allowed to take the full adoption credit of $15,950 in 2023; the remaining credit is refundable.

Forum Question

Hi,
Can you please explain this answer?

Henrietta adopted a child this year through a private adoption agency. The child was born in the U.S. and is a U.S. citizen. The child is determined by the state to have special needs. Once the adoption is complete, she determines that she has $4,000 in qualifying adoption expenses. Her income tax liability is $5,000 for the year *before* the application of the adoption credit. How should she apply for the adoption credit?

A. Henrietta is allowed to take an adoption credit of $5,000 in 2023, and she may carryover her unused adoption credit to future tax years.

B. Henrietta is not allowed to take the adoption credit because children adopted from private adoption agencies are not eligible for the credit.

C. Henrietta is allowed to deduct $4,000 in adoption expenses on her tax return.

D. Henrietta is allowed to take the full adoption credit of $15,950 in 2023; the remaining credit is refundable.

PassKey Question

Which of the following expenses is not a qualified expense for purposes of the Adoption Credit?

A. Court costs.
B. Re-adoption expenses to adopt a foreign child.
C. Attorney fees for a surrogate arrangement.
D. Travel expenses.

PassKey Answer

Which of the following expenses is not a qualified expense for purposes of the Adoption Credit?

A. Court costs.
B. Re-adoption expenses to adopt a foreign child.
C. Attorney fees for a surrogate arrangement.
D. Travel expenses.

Passkey Question

For the purposes of the adoption credit, which of the following would NOT qualify as a "special needs" child?

A. A child that is a citizen of the United States, and the state has determined that the child will not be adoptable without assistance provided to the adoptive family.
B. A foster child that is a naturalized U.S. citizen, and is now available for adoption in the U.S. foster care system as a "special needs" child.
C. A foreign child who is a citizen of China and has a severe disability. The child is available for adoption by a U.S. couple.
D. All of the above would be considered "special needs" children for the purpose of the adoption credit.

Passkey Answer

For the purposes of the adoption credit, which of the following would NOT qualify as a "special needs" child?

A. A child that is a citizen of the United States, and the state has determined that the child will not be adoptable without assistance provided to the adoptive family.
B. A foster child that is a naturalized U.S. citizen, and is now available for adoption in the U.S. foster care system as a "special needs" child.
C. A foreign child who is a citizen of China and has a severe disability. The child is available for adoption by a U.S. couple.
D. All of the above would be considered "special needs" children for the purpose of the adoption credit.

PassKey Exam Question

Jennifer and Colton adopted twin boys from China during the year. The adoption was final on December 10, 2023. They incurred the following fees related to the adoption.

- $20,000 in legal fees,
- $15,000 in travel expenses
- $13,000 in adoption agency fees

Their joint AGI is $210,000. What is the maximum adoption credit that they can claim on their 2023 tax return?

A. $0
B. $15,950
C. $31,900
D. $48,000

PassKey Exam Answer

Jennifer and Colton adopted twin boys from China during the year. The adoption was final on December 10, 2023. They incurred the following fees related to the adoption.

- $20,000 in legal fees,
- $15,000 in travel expenses
- $13,000 in adoption agency fees

Their joint AGI is $210,000. What is the maximum adoption credit that they can claim on their 2023 tax return?

A. $0
B. $15,950
C. $31,900
D. $48,000

PassKey Question

In 2023, Sebastian and Hannah adopt a special-needs infant from a private adoption agency in another state. The child is a U.S. citizen with a valid SSN. Their adoption expenses are $7,000, and their travel expenses related to the adoption are $1,200, which was the cost of their flights. What is their maximum Adoption Credit?

A. $0
B. $7,000
C. $8,200
D. $15,950

PassKey Answer

In 2023, Sebastian and Hannah adopt a special-needs infant from a private adoption agency in another state. The child is a U.S. citizen with a valid SSN. Their adoption expenses are $7,000, and their travel expenses related to the adoption are $1,200, which was the cost of their flights. What is their maximum Adoption Credit?

A. $0
B. $7,000
C. $8,200
D. $15,950

PassKey Exam Question

Bettie and Tony legally adopted a child with special needs from China on February 1, 2023. Their total out-of-pocket adoption expenses totaled $4,300, none of which were reimbursed. What is the maximum amount of her adoption credit?

A. $2,000
B. $4,300
C. $15,950
D. $15,500

PassKey Exam Answer

Bettie and Tony legally adopted a child with special needs from China on February 1, 2023. Their total out-of-pocket adoption expenses totaled $4,300, none of which were reimbursed. What is the maximum amount of her adoption credit?

A. $2,000
B. $4,300
C. $15,950
D. $15,500

PassKey Study Question

Theodora and Edison are married and file jointly. During the year, Theodora legally adopts Edison's 6-year-old daughter, Layla, who is his child from his first marriage. The legal fees for the adoption total $5,600. Theodora and Edison have a $4,000 tax liability for 2023. What is their maximum Adoption Credit they can claim for 2023?

A. They can claim an adoption credit of $4,000 in 2023, carryover $1,600 for up to 5 years.
B. They may claim $5,600 in qualified adoption expenses as an adoption credit in 2023.
C. They may claim $15,950 as an adoption credit in 2023.
D. $0.00

PassKey Study Answer

Theodora and Edison are married and file jointly. During the year, Theodora legally adopts Edison's 6-year-old daughter, Layla, who is his child from his first marriage. The legal fees for the adoption total $5,600. Theodora and Edison have a $4,000 tax liability for 2023. What is their maximum Adoption Credit they can claim for 2023?

A. They can claim an adoption credit of $4,000 in 2023, carryover $1,600 for up to 5 years.
B. They may claim $5,600 in qualified adoption expenses as an adoption credit in 2023.
C. They may claim $14,890 as an adoption credit in 2023.
D. $0.00

PassKey Question

The American Opportunity Tax Credit has a refundable component. What is the maximum amount of the American Opportunity Tax Credit, if the taxpayer does not have a tax liability?

A. $4,000 credit per eligible student.
B. $2,500 credit per tax return.
C. $1,000 credit per eligible student.
D. $2,500 credit per eligible student.

PassKey Answer

The American Opportunity Tax Credit has a refundable component. What is the maximum amount of the American Opportunity Tax Credit, if the taxpayer does not have a tax liability?

A. $4,000 credit per eligible student.
B. $2,500 credit per tax return.
C. $1,000 credit per eligible student.
D. $2,500 credit per eligible student.

$1,000 (40% of $2,500)

PassKey Question

Turner is age 26 and a college sophomore working on his first bachelor's degree. He files single and is not claimed as a dependent. He paid $2,500 on December 23, 2023, for college tuition for the semester that begins January 15, 2024. He also obtained a Pell Grant of $1,000 to help pay for required textbooks. His total textbook expenses were $1,200. In which tax year can he claim the American Opportunity Tax Credit for his tuition payment, and what is the amount of his “qualifying” educational expenses?

A. He can take the credit in 2023. His qualifying expenses are $3,600.
B. He can take the credit in 2024. His qualifying expenses are $2,700.
C. He can take the credit in 2024. His qualifying expenses are $2,500.
D. He can take the credit in 2023. His qualifying expenses are $2,700

PassKey Answer

Turner is age 26 and a college sophomore working on his first bachelor's degree. He files single and is not claimed as a dependent. He paid $2,500 on December 23, 2023, for college tuition for the semester that begins January 15, 2024. He also obtained a Pell Grant of $1,000 to help pay for required textbooks. His total textbook expenses were $1,200. In which tax year can he claim the American Opportunity Tax Credit for his tuition payment, and what is the amount of his "qualifying" educational expenses?

A. He can take the credit in 2023. His qualifying expenses are $3,600.
B. He can take the credit in 2024. His qualifying expenses are $2,700.
C. He can take the credit in 2024. His qualifying expenses are $2,500.
D. He can take the credit in 2023. His qualifying expenses are $2,700

PassKey Question

Zubin, 26, decides to go to college for the first time. Which of the following will NOT disqualify him from claiming the American Opportunity Tax Credit?

A. Zubin is pursuing a doctorate in engineering.
B. Zubin is not pursuing a degree, but just taking classes for general enrichment.
C. Zubin was convicted of a felony drug charge.
D. Zubin is attending school only half-time, but he is pursuing a degree

PassKey Question

Zubin, 26, decides to go to college for the first time. Which of the following will NOT disqualify him from claiming the American Opportunity Tax Credit?

A. Zubin is pursuing a doctorate in engineering.
B. Zubin is not pursuing a degree, but just taking classes for general enrichment.
C. Zubin was convicted of a felony drug charge.
D. Zubin is attending school only half-time, but he is pursuing a degree

PassKey Question

Gabriel has three dependent sons in college. He is unmarried and files as head of household. Gabriel's AGI in the current year is $61,000. All of Gabriel's children are full-time students. Gabriel provides the majority of the financial support for them, and he will claim all of them on his tax return. Here are the details regarding their education expenses:

- Jason, age 23, is a graduate student working on his master's degree, with $5,500 of qualifying higher education expenses. Jason has income of $4,200 from a part-time job.
- Marcus, age 21, is a college senior working on his first undergraduate degree, with $9,100 of qualifying college expenses. Marcus has $5,700 of income from a part-time job.
- Billy, age 19, is a college sophomore working on his first undergraduate degree. Billy has $4,400 of qualifying education expenses and he has no income during the year. Billy has a conviction for felony drug possession on his record.

Based on the facts above, which of the following statements is correct?

A. Gabriel can claim the Lifetime Learning Credit for Jason and the American Opportunity Tax Credit for Marcus and Billy.
B. Gabriel can claim the American Opportunity Credit for Marcus. He can claim the Lifetime Learning Credit for Jason. He cannot claim any education credits for Billy because of his drug conviction.
C. Gabriel can claim the American Opportunity Tax Credit for Marcus and the Lifetime Learning Credit for Billy and Jason.
D. Gabriel can claim the American Opportunity Tax Credit for all his sons.

PassKey Answer

Gabriel has three dependent sons in college. He is unmarried and files as head of household. Gabriel's AGI in the current year is $61,000. All of Gabriel's children are full-time students. Gabriel provides the majority of the financial support for them, and he will claim all of them on his tax return. Here are the details regarding their education expenses:

•Jason, age 23, is a graduate student working on his master's degree, with $5,500 of qualifying higher education expenses. Jason has income of $4,200 from a part-time job.
•Marcus, age 21, is a college senior working on his first undergraduate degree, with $9,100 of qualifying college expenses. Marcus has $5,700 of income from a part-time job.
•Billy, age 19, is a college sophomore working on his first undergraduate degree. Billy has $4,400 of qualifying education expenses and he has no income during the year. Billy has a conviction for felony drug possession on his record.

Based on the facts above, which of the following statements is correct?

A. Gabriel can claim the Lifetime Learning Credit for Jason and the American Opportunity Tax Credit for Marcus and Billy.
B. Gabriel can claim the American Opportunity Credit for Marcus. He can claim the Lifetime Learning Credit for Jason. He cannot claim any education credits for Billy because of his drug conviction.
C. Gabriel can claim the American Opportunity Tax Credit for Marcus and the Lifetime Learning Credit for Billy and Jason.
D. Gabriel can claim the American Opportunity Tax Credit for all his sons.

PassKey Question

Liesel works full-time and takes one course a month at night school. She takes these courses primarily to advance her career, and she is not a degree candidate. Which education credit is she eligible for?

A. The Lifetime Learning Credit.
B. The American Opportunity Tax Credit.
C. She can take either the American Opportunity Credit or the Lifetime Learning Credit.
D. She cannot take any education credits, because she is not a degree candidate.

PassKey Answer

Liesel works full-time and takes one course a month at night school. She takes these courses primarily to advance her career, and she is not a degree candidate. Which education credit is she eligible for?

A. The Lifetime Learning Credit.
B. The American Opportunity Tax Credit.
C. She can take either the American Opportunity Credit or the Lifetime Learning Credit.
D. She cannot take any education credits, because she is not a degree candidate.

PassKey Answer

Sumati is 24 years old, and an incoming freshman at San Diego State University. The university requires each incoming freshman to enroll with their own computer. Sumati paid $500 for a laptop that he will use for school. Can Sumati deduct the cost of the computer, or use the cost in order to claim a credit?

A. Sumati can claim the cost of the computer on Schedule A, but only if she itemizes deductions.
B. Sumati can claim the cost of the computer as a business expense on Schedule C.
C. The cost of a personal computer is a personal expense that is not deductible.
D. Sumati may be able to claim an American Opportunity Credit for the cost of the computer.

PassKey Question

Jonathan and Jennifer are married and have three kids in college. Their joint AGI is $105,000. These are their three dependents and their respective college tuition expenses:

•$5,000 for Cosima, age 21, a college sophomore working on her first bachelor's degree.
•$5,100 for Marico, age 19, a college freshman working on his first bachelor's degree.
•$9,000 for Kasha, age 23, a graduate student working on her first master's degree.

Based on the above scenario, what is the maximum amount in American Opportunity Tax Credits (AOTC) Jonathan and Jennifer can claim on their joint tax return?

A. $2,500
B. $7,500
C. $5,000
D. $0 (Their AGI is too high to claim the AOTC)

PassKey Answer

Jonathan and Jennifer are married and have three kids in college. Their joint AGI is $105,000. These are their three dependents and their respective college tuition expenses:

- $5,000 for Cosima, age 21, a college sophomore working on her first bachelor's degree.
- $5,100 for Marico, age 19, a college freshman working on his first bachelor's degree.
- $9,000 for Kasha, age 23, a graduate student working on her first master's degree.

Based on the above scenario, what is the maximum amount in American Opportunity Tax Credits (AOTC) Jonathan and Jennifer can claim on their joint tax return?

A. $2,500
B. $7,500
C. $5,000
D. $0 (Their AGI is too high to claim the AOTC)

PassKey Question

Rosita and Valentino are married and have two kids in college and one child attending private high school. They claim all their children as dependents. Rosita does not work, but she has rental income of $13,000 from a rental property that she owns. Valentino earned $89,000 in wages. Their joint AGI is $102,000. These are their three children and their respective tuition expenses:

•$7,000 for Francis, age 17, a full-time student at a private high school
•$10,500 for Angela, age 24, a full-time graduate student working towards her Master's degree.
•$5,100 for Selena, age 18, a college freshman attending full-time
Based on the above scenario, what is the maximum amount in American Opportunity Tax Credits (AOTC) Rosita and Valentino can claim on their joint tax return?

A. $7,500
B. $5,000
C. $2,500
D. $0

PassKey Answer

Rosita and Valentino are married and have two kids in college and one child attending private high school. They claim all their children as dependents. Rosita does not work, but she has rental income of $13,000 from a rental property that she owns. Valentino earned $89,000 in wages. Their joint AGI is $102,000. These are their three children and their respective tuition expenses:

•$7,000 for Francis, age 17, a full-time student at a private high school
•$10,500 for Angela, age 24, a full-time graduate student working towards her Master's degree.
•$5,100 for Selena, age 18, a college freshman attending full-time
Based on the above scenario, what is the maximum amount in American Opportunity Tax Credits (AOTC) Rosita and Valentino can claim on their joint tax return?

A. $7,500
B. $5,000
C. $2,500
D. $0

Key Differences Between AOTC and LLC:

Feature	AOTC	LLC
Maximum Credit	$2,500 per eligible student	$2,000 per tax return
Refundable	Partially refundable (40%)	Non-refundable
Eligibility	First four years of post-secondary education	Unlimited years
Qualified Expenses	Includes tuition, fees, and course materials	Includes only tuition and required fees
Income Limits	MAGI: $80,000-$90,000 (single); $160,000-$180,000 (joint)	Same

Forum Question

Question: For the next session, can we talk about the military?

Tax Treatment of Military Pay

- **Basic Pay**
  - Fully taxable and subject to federal income tax, Social Security, and Medicare taxes.
- **Special Pay**
  - **Combat Pay**: Excluded from gross income if earned while serving in a combat zone. This exclusion is applicable to both enlisted personnel and warrant officers. Commissioned officers have a cap on the exclusion, which is the highest rate of enlisted pay plus any imminent danger/hostile fire pay received.
  - **Hazard Duty Pay**: Partially taxable. The portion received while serving in a combat zone may be excluded from income, similar to combat pay.

PassKey Question

Broderick is a U.S. Airman serving overseas in Europe. He received several items of income during the year related to his military duty. Which of the following types of income would *not* be taxable to Broderick?

A. Qualified hazardous duty pay.
B. A reenlistment bonus.
C. Pay for accrued leave.
D. Differential wage payments.

PassKey Answer

Broderick is a U.S. Airman serving overseas in Europe. He received several items of income during the year related to his military duty. Which of the following types of income would *not* be taxable to Broderick?

A. **Qualified hazardous duty pay.**
B. A reenlistment bonus.
C. Pay for accrued leave.
D. Differential wage payments.

PassKey Question

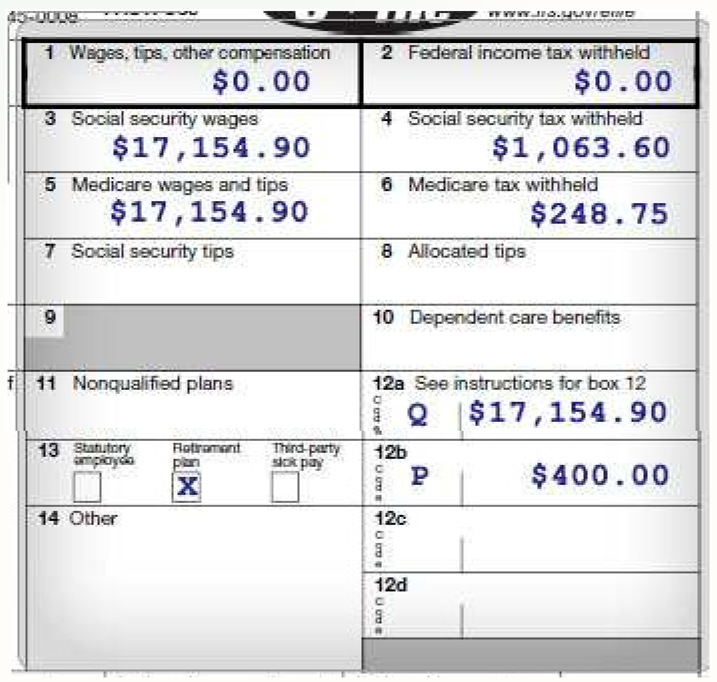
Combat pay earned by military servicemembers is generally nontaxable. Which type of pay is never classified as "combat pay"?

A. Active duty pay earned in any month the taxpayer served in a combat zone.
B. Pay for accrued leave earned in any month the taxpayer served in a combat zone.
C. Imminent danger pay.
D. Retirement pay of armed forces personnel.

PassKey Answer

Combat pay earned by military servicemembers is generally nontaxable. Which type of pay is never classified as "combat pay"?

A. Active duty pay earned in any month the taxpayer served in a combat zone.
B. Pay for accrued leave earned in any month the taxpayer served in a combat zone.
C. Imminent danger pay.
D. Retirement pay of armed forces personnel.



PassKey Question

Pedro and Yesenia are married, and both are active-duty military. Pedro is a soldier in the U.S. Army and served in a combat zone from January 1 through October 2, 2023, before being transferred to an active-duty post in Virginia. Pedro earned $30,000 in total wages during the year ($2,500 per month). Yesenia served as a U.S. Navy nurse stationed in Norfolk, Virginia. She earned $40,000 for the entire year. They plan to file jointly. What amount of income can they **exclude** (as combat pay) from gross income on their jointly-filed return?

A. $0, all their income is taxable.
B. $25,000
C. 430,000
D. $70,000

PassKey Answer

Pedro and Yesenia are married, and both are active-duty military. Pedro is a soldier in the U.S. Army and served in a combat zone from January 1 through October 2, 2023, before being transferred to an active-duty post in Virginia. Pedro earned $30,000 in total wages during the year ($2,500 per month). Yesenia served as a U.S. Navy nurse stationed in Norfolk, Virginia. She earned $40,000 for the entire year. They plan to file jointly. What amount of income can they **exclude** (as combat pay) from gross income on their jointly-filed return?

A. $0, all their income is taxable.
B. $25,000
C. 430,000
D. $70,000

($30,000 ÷ 12 = $2,500 × 10 months)**$25,000**

PassKey Question

Levar is on extended active duty in the U.S. Air Force. He is currently stationed overseas in Portugal. He is not in a Combat Zone. For U.S. tax purposes, where is Levar deemed to have his official "tax home"?

A. Levar's tax home is deemed to be in the United States.
B. Levar's tax home is deemed to be in Portugal.
C. Levar's tax home is deemed to be his last official change of station.
D. Levar's tax home is deemed to be suspended.

PassKey Answer

Levar is on extended active duty in the U.S. Air Force. He is currently stationed overseas in Portugal. He is not in a Combat Zone. For U.S. tax purposes, where is Levar deemed to have his official "tax home"?

A. **Levar's tax home is deemed to be in the United States.**
B. Levar's tax home is deemed to be in Portugal.
C. Levar's tax home is deemed to be his last official change of station.
D. Levar's tax home is deemed to be suspended.

PassKey Question

Barnard is in the U.S. armed services, fighting in a combat zone. He forgot to file an extension. Is he allowed an automatic extension of time to file?

A. No, he must file an extension request, just like every other taxpayer. However, the extension request will be given special consideration because he is in a combat zone.
B. Yes, he is allowed an automatic extension from the normal filing deadline, but only until June 15.
C. Yes, he is allowed an automatic extension of 180 days from the normal filing deadline.
D. Yes, he is allowed an automatic extension of 180 days after the last day he is in a combat zone.

PassKey Question

Barnard is in the U.S. armed services, fighting in a combat zone. He forgot to file an extension. Is he allowed an automatic extension of time to file?

A. No, he must file an extension request, just like every other taxpayer. However, the extension request will be given special consideration because he is in a combat zone.
B. Yes, he is allowed an automatic extension from the normal filing deadline, but only until June 15.
C. Yes, he is allowed an automatic extension of 180 days from the normal filing deadline.
D. Yes, he is allowed an automatic extension of 180 days after the last day he is in a combat zone.

PassKey Question

Daniel and Reyna are married and have two dependent children, ages 6 and 8. They file jointly. Daniel had $28,000 in nontaxable combat pay, and Reyna received $4,000 in worker's compensation benefits and $5,000 in W-2 income. They also had $3,000 in income from a passive residential rental activity. For the purposes of calculating the Earned Income Tax Credit, what is their qualifying "earned income" on their joint return?

A. $37,000
B. $33,000
C. $9,000
D. $5,000

PassKey Answer

Daniel and Reyna are married and have two dependent children, ages 6 and 8. They file jointly. Daniel had $28,000 in nontaxable combat pay, and Reyna received $4,000 in worker's compensation benefits and $5,000 in W-2 income. They also had $3,000 in income from a passive residential rental activity. For the purposes of calculating the Earned Income Tax Credit, what is their qualifying "earned income" on their joint return?

A. $37,000
B. $33,000
C. $9,000
D. $5,000

33,000 ($28,000 in nontaxable combat pay + $5,000 wages earned by Reyna)

Review Question

Barbara, an Army sergeant, was transferred from Germany to Moscow for a permanent change of station. Her spouse chose not to accompany her and returned to the United States. If the spouse received a $10,000 relocation allowance and was later reimbursed an additional $2,500, how much of the allowance, if any, must be included in income?

A.$0
B.$2,500
C.$10,000
D. $12,500

Review Answer

Barbara, an Army sergeant, was transferred from Germany to Moscow for a permanent change of station. Her spouse chose not to accompany her and returned to the United States. If the spouse received a $10,000 relocation allowance and was later reimbursed an additional $2,500, how much of the allowance, if any, must be included in income?

A.$0
B.$2,500
C.$10,000
D. $12,500

Review Question

Catarina is a U.S. Army medic. In 2023, she is transferred from Alabama to Hawaii. The Army reimburses most of her moving expenses, but she incurs $1,200 to transport her pets, including boarding them during the state's required quarantine period. How much can Catarina deduct on her tax return for this expense?

A. $0
B. $600
C. $1,200
D. The full amount of her relocation reimbursement

Review Answer

Catarina is a U.S. Army medic. In 2023, she is transferred from Alabama to Hawaii. The Army reimburses most of her moving expenses, but she incurs $1,200 to transport her pets, including boarding them during the state's required quarantine period. How much can Catarina deduct on her tax return for this expense?

A. $0
B. $600
C. $1,200
D. The full amount of her relocation reimbursement

Passkey Question

Joshua is unmarried and 47 years old. He has a dependent son who is 15 years old. Joshua qualifies for head of household filing status. In 2023, Joshua's wage income was $23,000, and he also had investment income from the sale of stock. What is the maximum amount of investment income that Joshua can have before he is disqualified from claiming the Earned Income Tax Credit (EITC) in 2023?

A. $2,600
B. $3,650
C. $4,600
D. $11,000

Passkey Answer

Joshua is unmarried and 47 years old. He has a dependent son who is 15 years old. Joshua qualifies for head of household filing status. In 2023, Joshua's wage income was $23,000, and he also had investment income from the sale of stock. What is the maximum amount of investment income that Joshua can have before he is disqualified from claiming the Earned Income Tax Credit (EITC) in 2023?

A. $2,600
B. $3,650
C. $4,600
D. $11,000

Passkey Question

Hayley and Hank are not married, but they have a 9-year-old daughter together, named Brianne. Hayley and Hank do not live together, and Brianne lives with her mother most of the week and only stays with her father on weekends. Hank earned $79,000 in wages during the year. Hayley earned $22,000 in wages. Both parents support Brianne, but since Hank earns more, he helps Hayley out with her living expenses. Hank pays Hayley's rent and over half the cost of the apartment where his daughter lives. He also paid $4,000 for Brianne's daycare in 2023. Can Hank file as Head of Household and claim the Child and Dependent Care Credit?

A. Hank cannot claim the Dependent Care Credit, and he cannot file as Head of Household.
B. Hank can file as Head of Household, but he cannot claim the credit for dependent care.
C. Hank cannot file as Head of Household, but he is allowed to claim the dependent care credit.
D. Hank can file as Head of Household, and he can claim the credit for dependent care.

Passkey Answer

Hayley and Hank are not married, but they have a 9-year-old daughter together, named Brianne. Hayley and Hank do not live together, and Brianne lives with her mother most of the week and only stays with her father on weekends. Hank earned $79,000 in wages during the year. Hayley earned $22,000 in wages. Both parents support Brianne, but since Hank earns more, he helps Hayley out with her living expenses. Hank pays Hayley's rent and over half the cost of the apartment where his daughter lives. He also paid $4,000 for Brianne's daycare in 2023. Can Hank file as Head of Household and claim the Child and Dependent Care Credit?

A. **Hank cannot claim the Dependent Care Credit, and he cannot file as Head of Household**.
B. Hank can file as Head of Household, but he cannot claim the credit for dependent care.
C. Hank cannot file as Head of Household, but he is allowed to claim the dependent care credit.
D. Hank can file as Head of Household, and he can claim the credit for dependent care.

2024 Live Study Session Schedule:

Saturday, November 23rd – 11am (ET) Part 1, 12pm (ET) Part 2
Wednesday, December 4th – 7pm (ET) Part 3
Saturday, December 14th – 11am (ET) Part 1, 12pm (ET) Part
Wednesday, December 18 – 7pm (ET) Part 2

Please sent study subjects to:

- Nicole@hockinternational.com

Laura Stahl, EA Study Group on Facebook:
https://www.facebook.com/groups/eastudygroup